

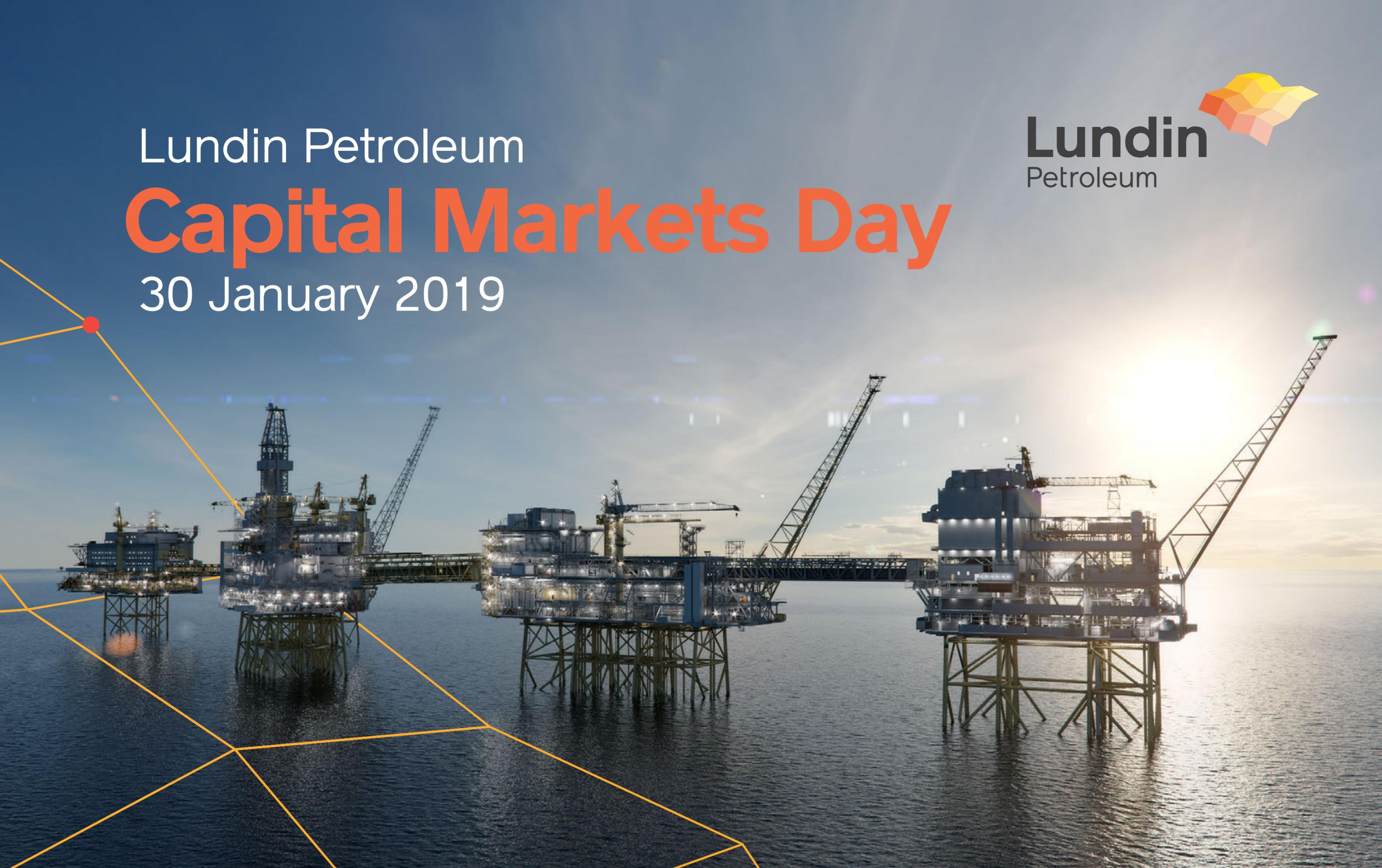


**Lundin**  
Petroleum

Lundin Petroleum

# Capital Markets Day

30 January 2019



# Lundin Petroleum 2019 Capital Markets Day

## Agenda

1. **Value creation** - what we've achieved and where we're going
2. **Industry leading cost efficient growth** - it keeps on getting better
3. **Production assets** - maximising value for the long-term
4. **Johan Sverdrup** - the final countdown

-----Break-----

5. **Organic growth** - delivering on our strategy
6. **Financial strength** - we can do it all
7. **Dividends** - material and sustainable
8. **Concluding remarks**

-----Q&A-----

### Who will be presenting today....



**Alex Schneider**  
President & CEO



**Nick Walker**  
COO



**Teitur Poulsen**  
CFO



**Kristin Færøvik**  
Managing Director



# Value creation

what we've achieved  
and where we're going

# Lundin Petroleum

## A Leading European Independent E&P Company

> **9.5** Bn USD  
Market Cap

> **1** Bn boe  
Resource base

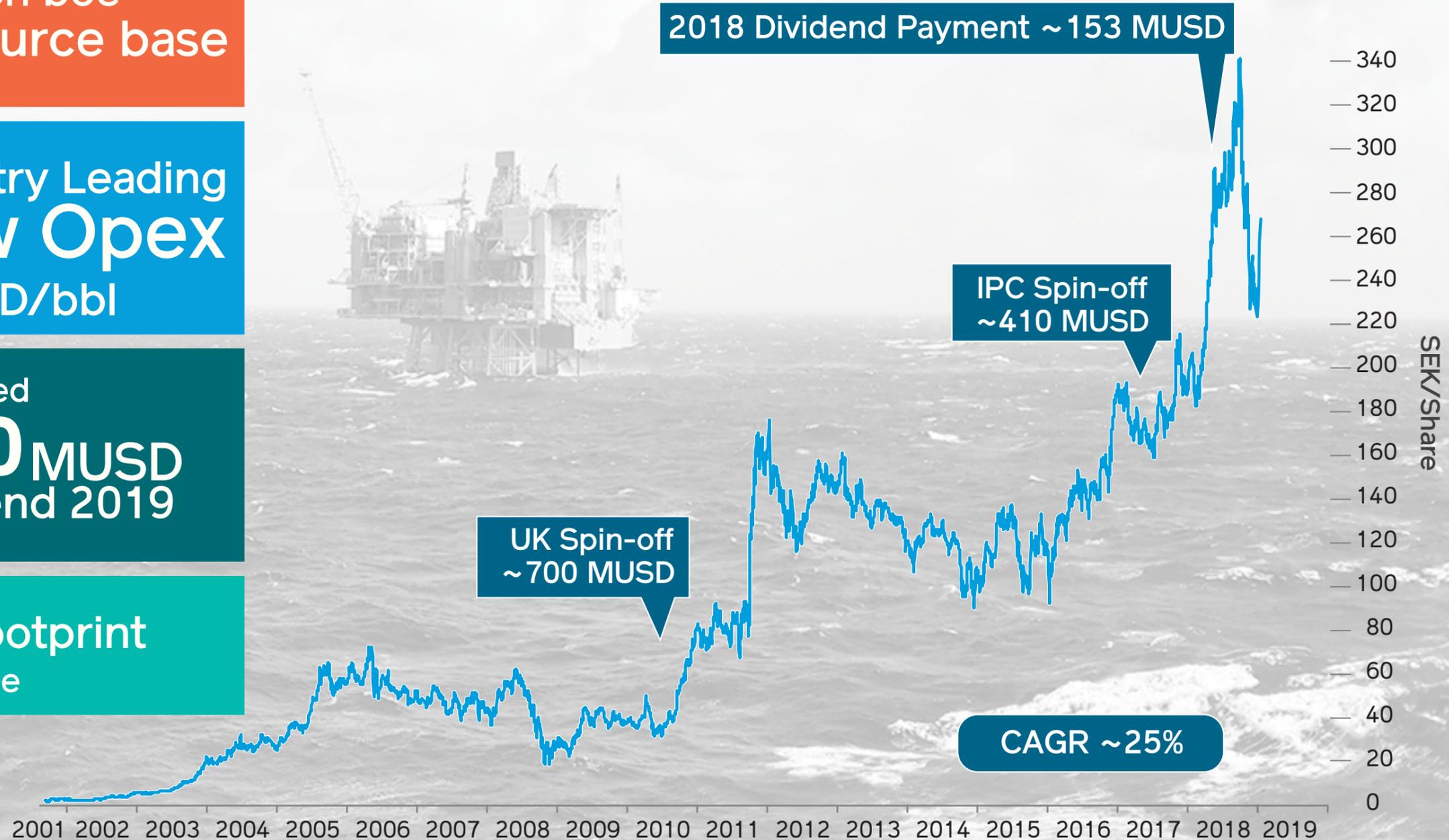
> **170** Mboepd  
by 2023  
~20% CAGR  
growth from 2018

Industry Leading  
**Low Opex**  
~4 USD/bbl

**1.6** Bn USD  
Liquidity

Proposed  
**500** MUSD  
dividend 2019

**Low Carbon** footprint  
quarter world average



# Lundin Petroleum 2018 Highlights

## Strong Production

**81.1** Mboepd  
upper end revised guidance

## Low Operating Costs

**3.66** USD/boe  
12% below original guidance

## Record Free Cash Flow

**663** MUSD  
Proposed 500 MUSD  
2019 dividend

## Johan Sverdrup

**first oil** on track for  
Nov 2019  
Phase 1 ~85% complete

## Increased Reserves <sup>(1)</sup>

**745** MMboe  
Reserve replacement 163%

## Growth Opportunities

Successful E&A wells **6** out of 9

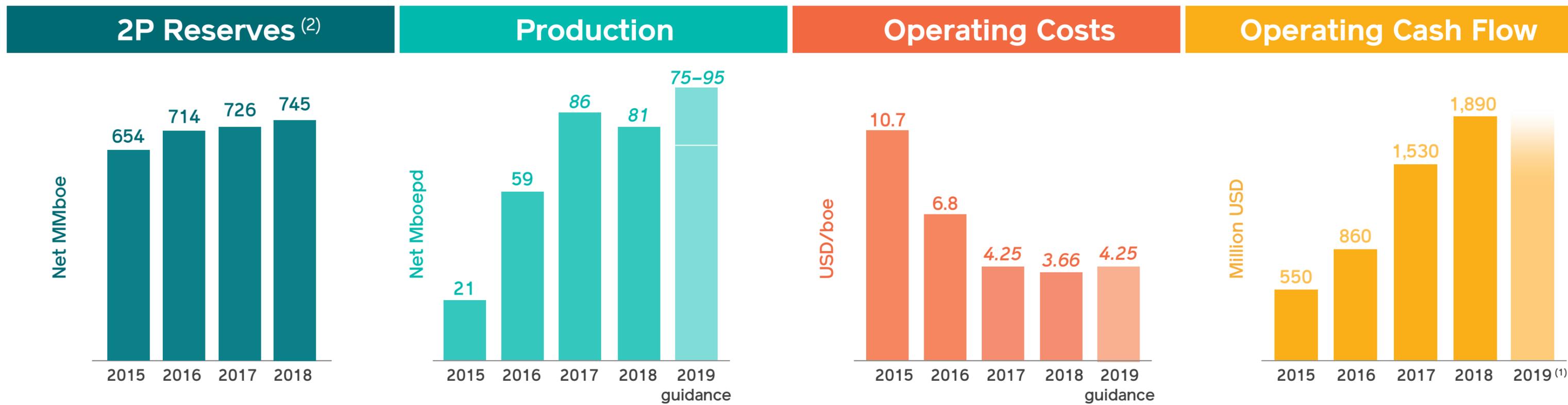
**7** potential new projects

<sup>(1)</sup> Proved plus probable reserves

# Lundin Petroleum

## Key Metrics

➔ Strong track record of organic growth and delivery



(1) Oil price range 45 to 75 USD/bbl

(2) Proved plus probable reserves

# Lundin Petroleum Norway Pure Play

- **Organic growth** strategy
- NCS ranks in top **10** worldwide exploration areas<sup>(1)</sup>
  - ➔ Significant yet to find resources **>16** billion barrels<sup>(2)</sup>
- Material acreage position - **7 core areas**
- Business development - **opportunistic strategy**

**0.7** USD/boe Lundin Petroleum finding costs<sup>(3)</sup>



(1) Woodmac  
(2) NPD estimate January 2018  
(3) Post tax

# Lundin Petroleum

## Portfolio Growth 2018

Licensing Rounds

**32** awards

Acquisitions

**7** deals

Portfolio

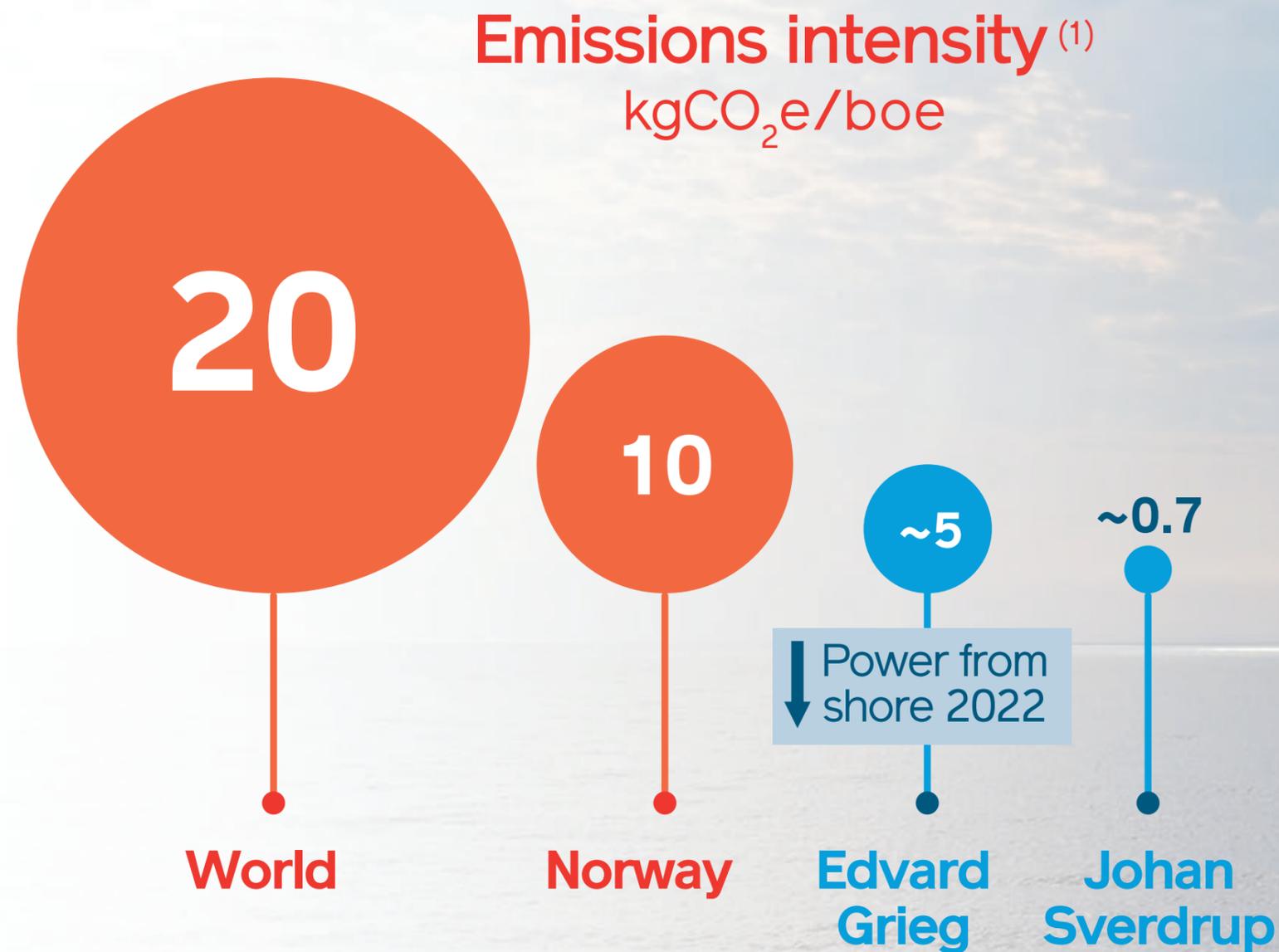
**82** exploration  
licences

~70% increase



# Lundin Petroleum

## Industry Leading Low Carbon Intensity



### ESG Ratings 2018



Top 10 ESG in Europe  
Top 5 on human rights globally



Prime Status



Outperformer



AA

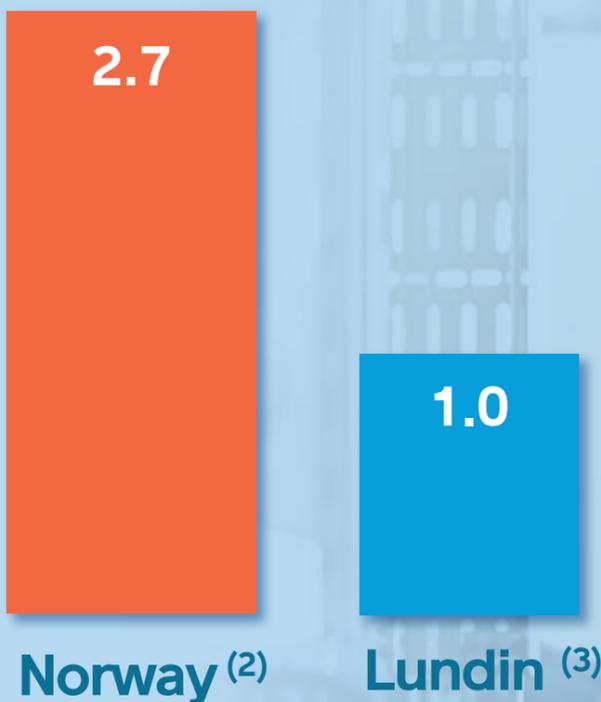


A-

<sup>(1)</sup> Sources NOROG/IOGP for world and Norway data (2016 averages). Edvard Grieg's data is from 2018. All data is in kgCO<sub>2</sub>e/boe (incl. methane). Johan Sverdrup full field estimate data is in kgCO<sub>2</sub>/boe, data updated August 2018

# Lundin Petroleum Safe Operations

## Total Recordable Incident Rate (TRIR) <sup>(1)</sup>



**Zero** serious injuries <sup>(3)</sup>

**Zero** process safety incidents <sup>(3)</sup>

**No** material environmental incidents <sup>(3)</sup>

<sup>(1)</sup> Per million manhours

<sup>(2)</sup> Norway industry average 2017

<sup>(3)</sup> 2018



# Lundin Petroleum

## What to Expect in 2019

Production

**75–95** Mboepd

Sustained Low OPEX

**4.25** USD/boe

Johan Sverdrup

**first oil** Nov 2019

**4** Project Sanctions

Luno II, Rolvsnes EWT,  
Edvard Grieg infills, Frosk

Organic Growth

**2** appraisal wells

**15** exploration wells  
targeting >750 MMboe <sup>(1)</sup>

Dividends

Proposed **500** MUSD  
Sustainable below 50 USD/boe

(1) Net unrisks resources

# Long-term value creation

**500** MUSD  
dividend in 2019

**~1** Bn USD  
average free cash flow  
per year <sup>(1)</sup>

**Sustainable  
dividends**  
below 50 USD/bbl

**~4** USD/boe  
industry leading low OPEX

**>170** Mboepd  
by 2023

Targeting  
**>200 Mboepd**  
+ organic growth  
upside

**Low Carbon  
footprint**

<sup>(1)</sup> From 2019–2026 at 60 USD/bbl

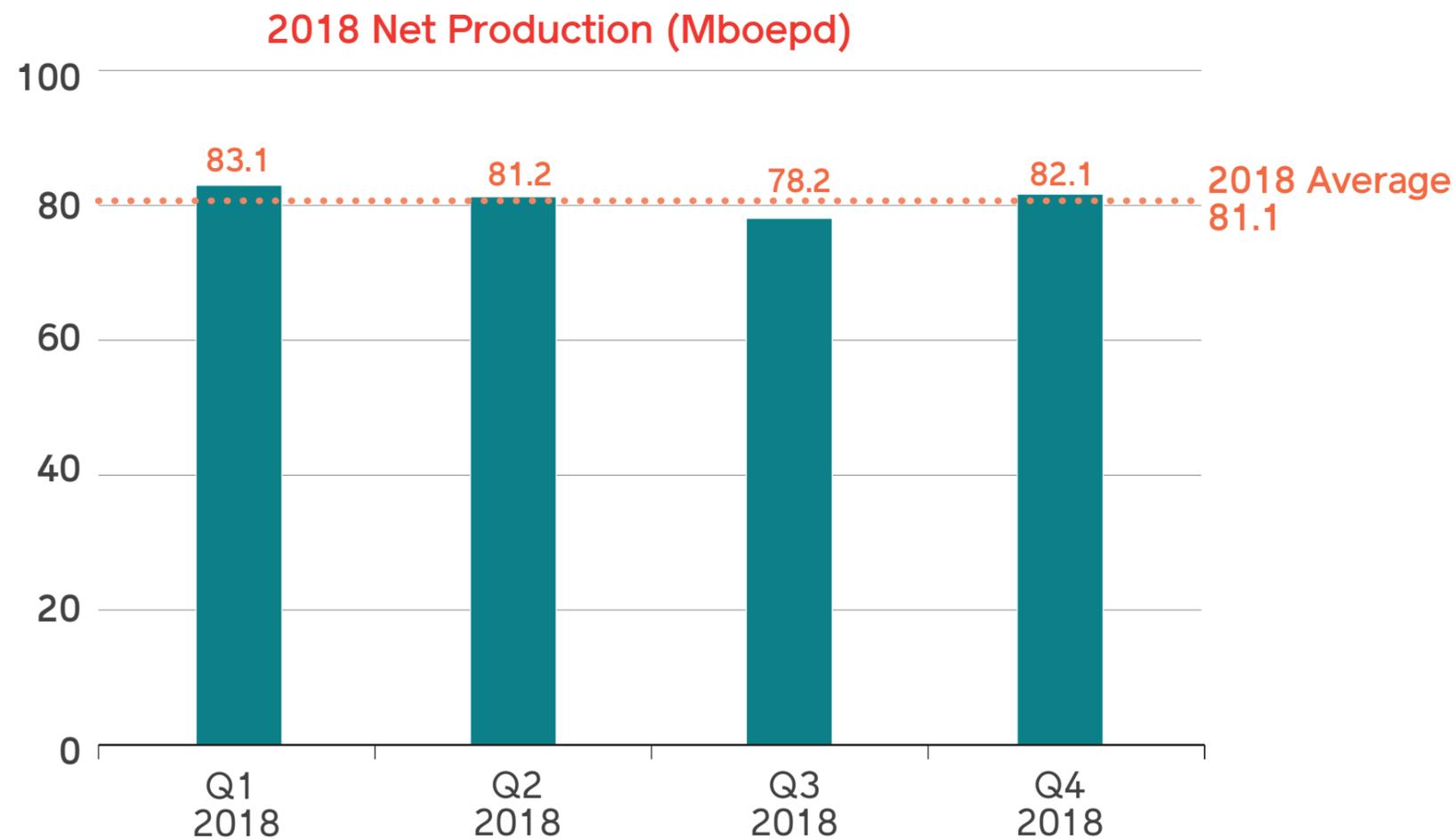
# Industry leading cost efficient growth

it keeps on getting better

# Lundin Petroleum 2018 Production

## ➤ 2018 production of 81.1 Mboepd

- Upper end of updated guidance of 78 – 82 Mboepd <sup>(1)</sup>
- Reservoir and facilities outperformance

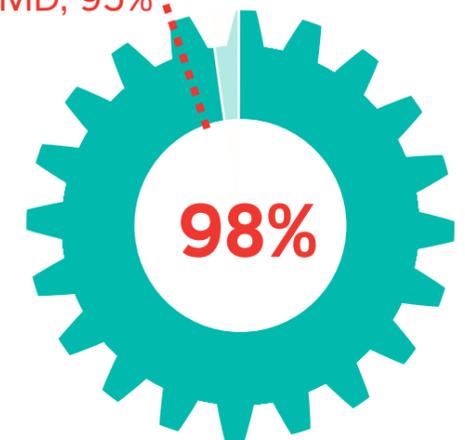


<sup>(1)</sup> Original guidance 74–82 Mboepd

## 2018 Production Efficiency

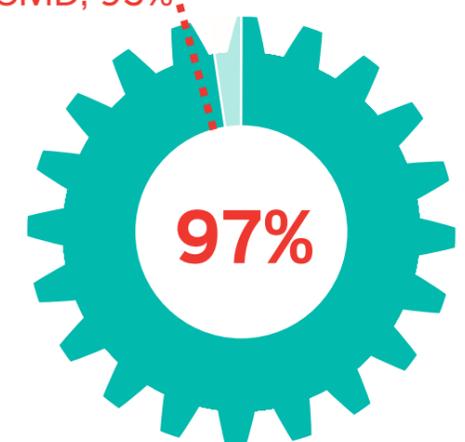
Edvard Grieg

Annual guidance at CMD, 95%



Alvheim Area

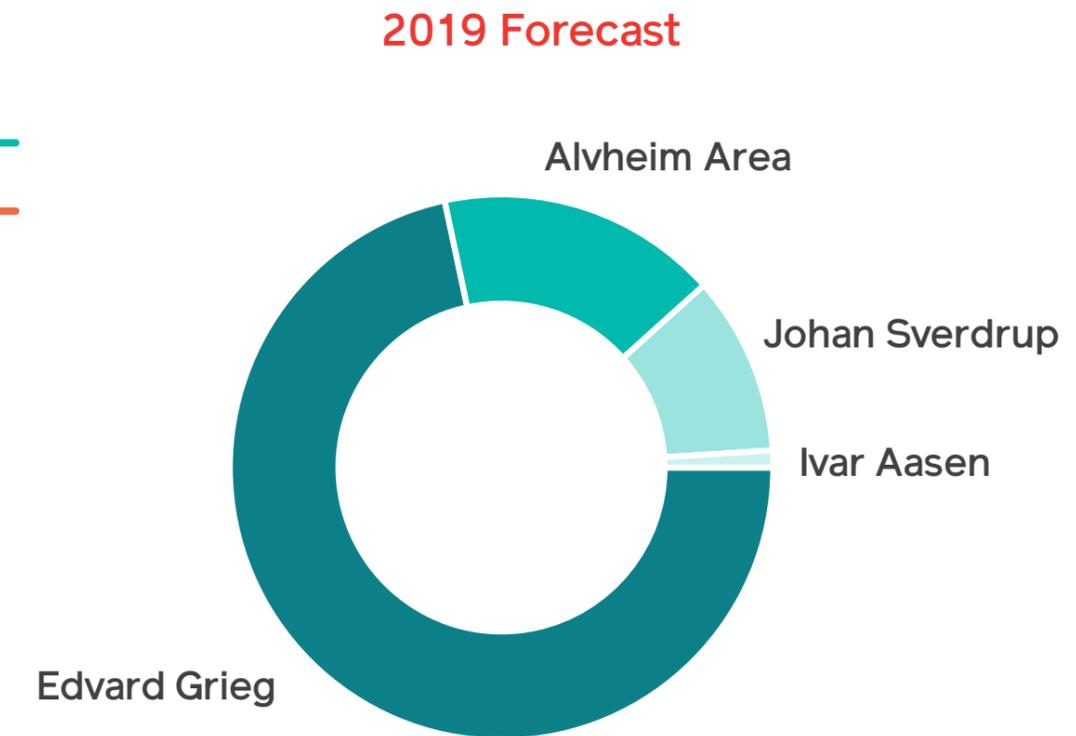
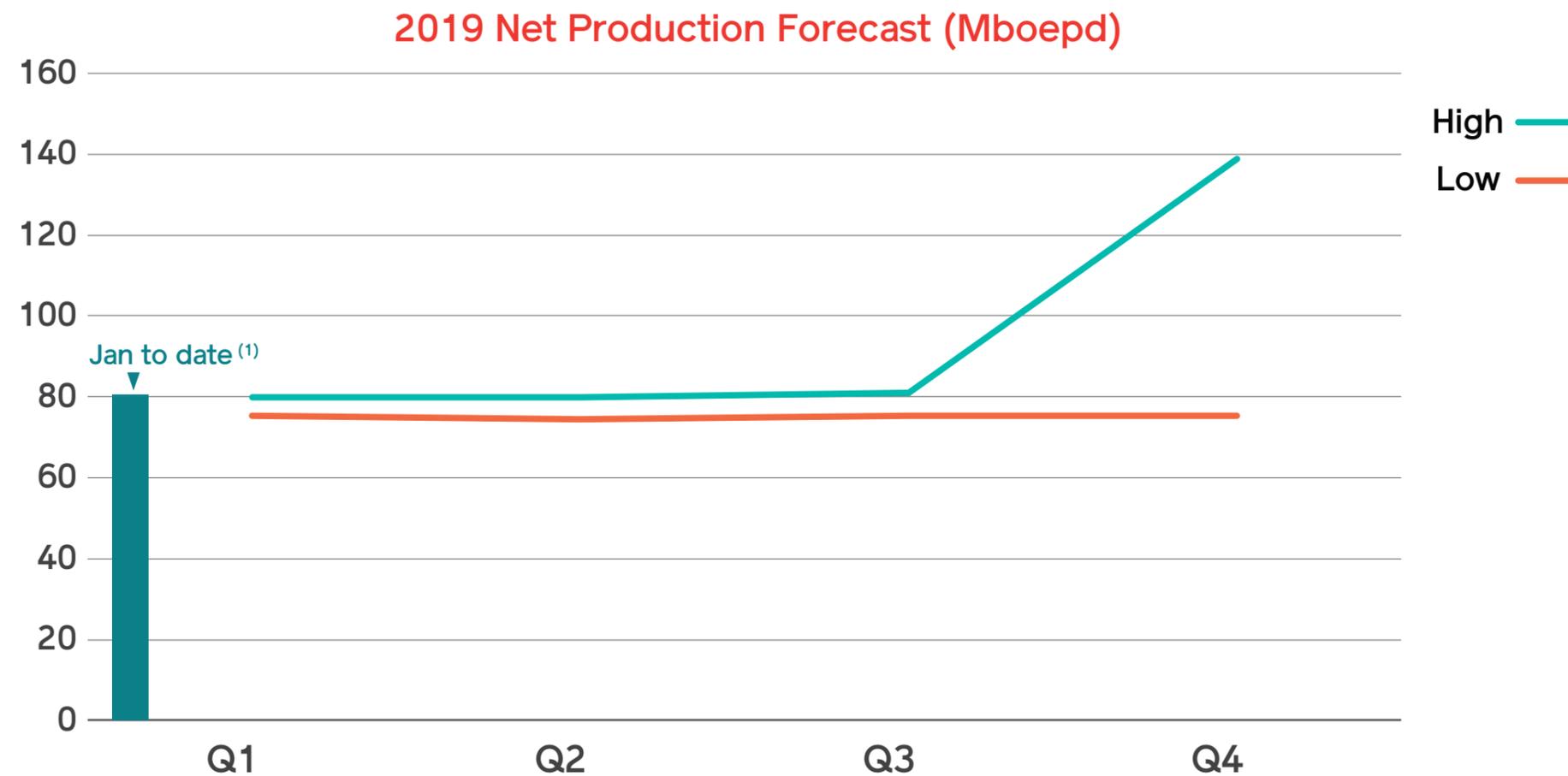
Annual guidance at CMD, 95%



# Lundin Petroleum

## 2019 Production Guidance

- ⇒ 2019 production guidance: 75–95 Mboepd
- ⇒ Edvard Grieg – plateau production, no material planned shutdowns
- ⇒ Alvheim Area – decline arrested by new wells
- ⇒ Johan Sverdrup – expected first oil November 2019 (range October 2019 – early 2020)

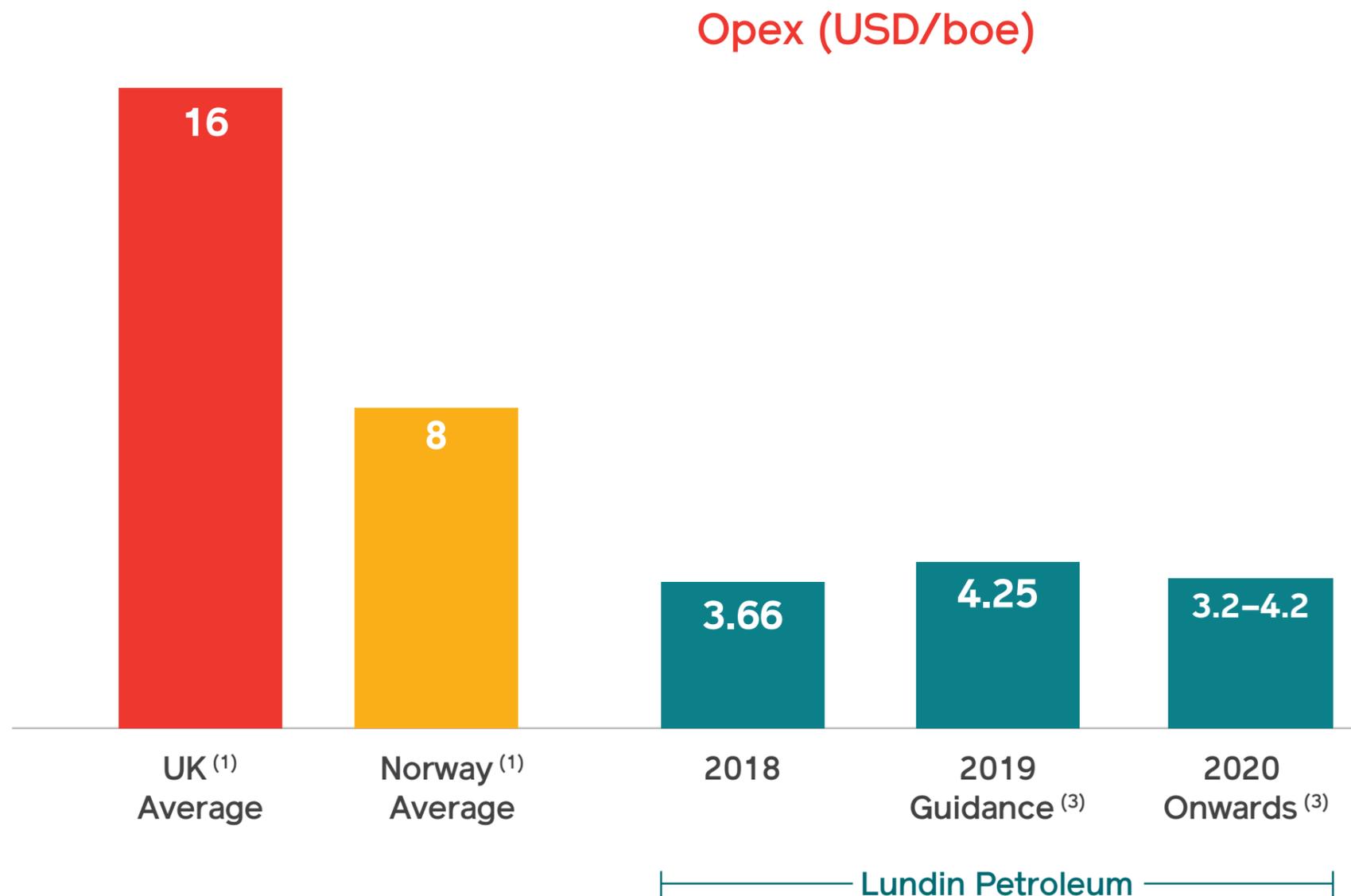


(1) to 23 January

# Lundin Petroleum

## Industry Leading Low Operating Costs

➔ 2018 unit operating cost 12% below original guidance<sup>(2)</sup>



Improved Long-term Guidance

**3.2–4.2 USD/boe<sup>(4)</sup>**  
(previously 3.9–4.4)

<sup>(1)</sup> Source WoodMac

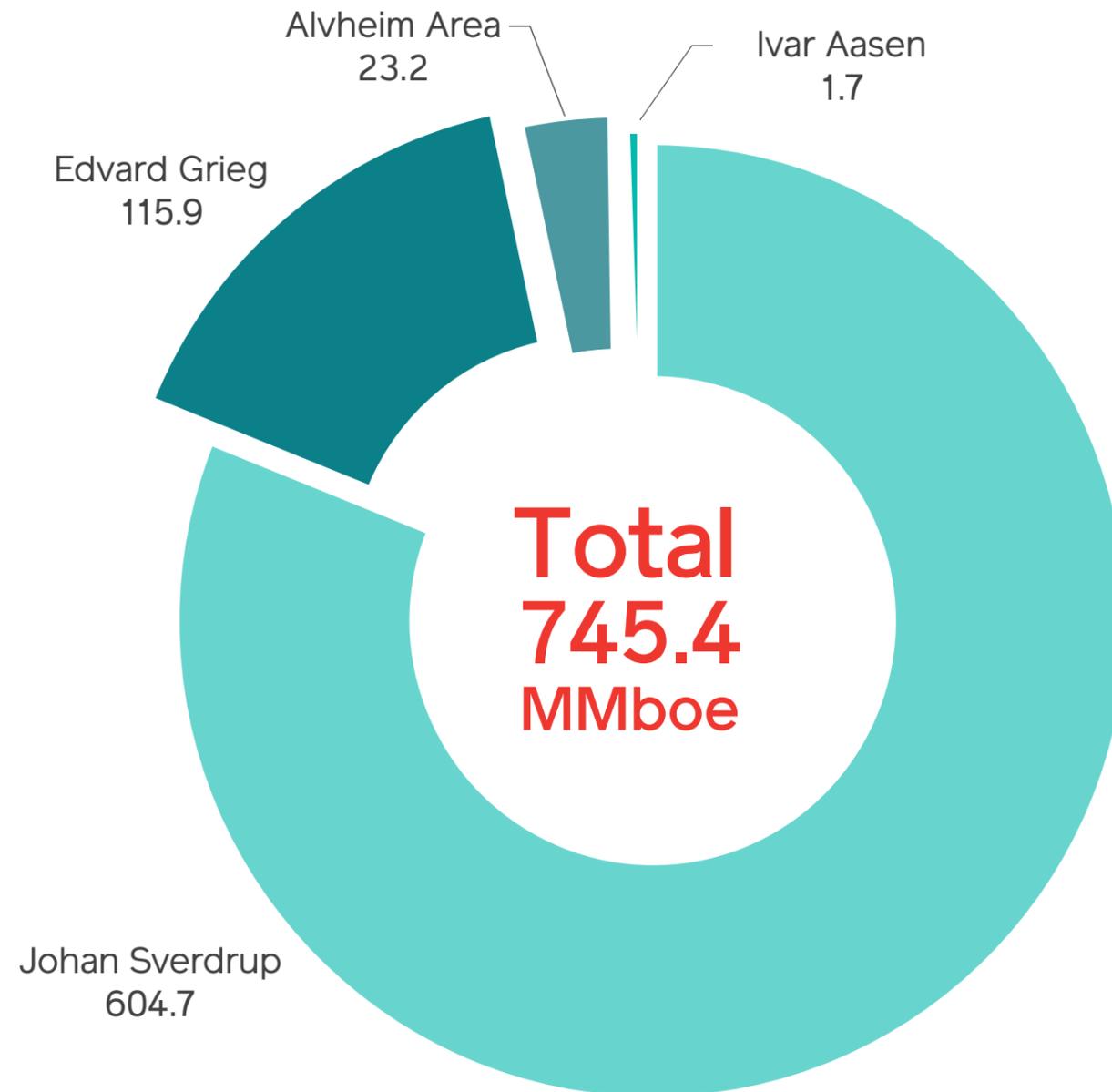
<sup>(2)</sup> Original 2018 guidance 4.15 USD/boe

<sup>(3)</sup> USD/NOK exchange rate 8.0

<sup>(4)</sup> 2020 onwards

# Lundin Petroleum

## Year-end 2018 2P Reserves <sup>(1, 4)</sup> (net)



**2P Reserves Life Index 24 years<sup>(2)</sup>**

	MMboe
<b>End 2017</b>	<b>726.3</b>
- 2018 Production	-30.1
+ Revisions	+49.2
<b>End 2018 <sup>(4)</sup></b>	<b>745.4</b>
<b>Reserve replacement ratio <sup>(3)</sup></b>	<b>163%</b>

<sup>(1)</sup> 2P Reserves is Proved plus Probable remaining reserves.

<sup>(2)</sup> Reserves life index is the ratio of remaining reserves and the current annual production forecast.

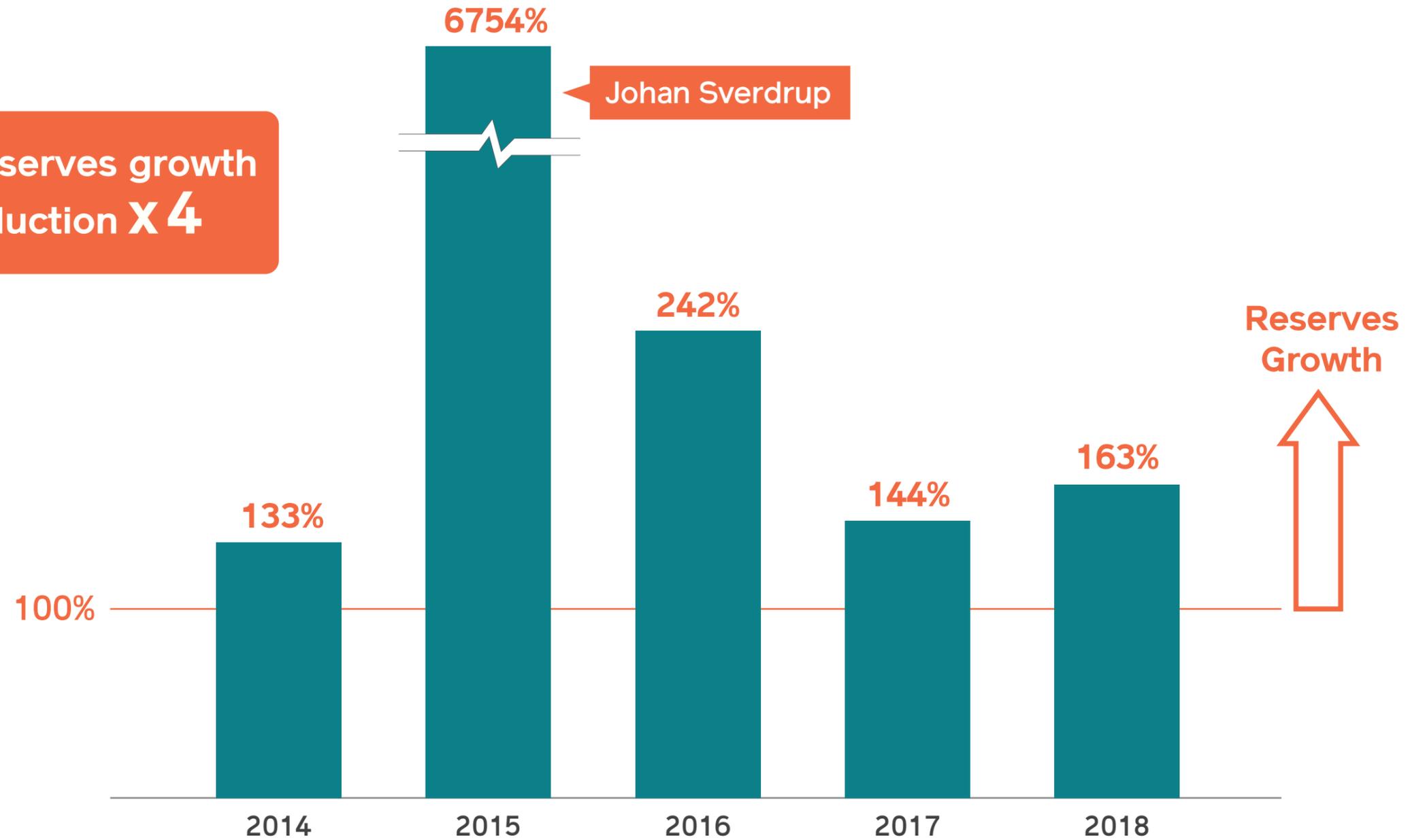
<sup>(3)</sup> As per industry standards the reserve replacement ratio is defined as the ratio of reserve additions to production during the year, excluding acquisitions and sales.

<sup>(4)</sup> Independently audited by ERC Equipoise Ltd (ERCE)

# Lundin Petroleum Track Record of Growing Reserves

Reserve Replacement Ratio (%) <sup>(1, 2)</sup>

**5<sup>th</sup>** consecutive year of reserves growth  
while growing production X 4

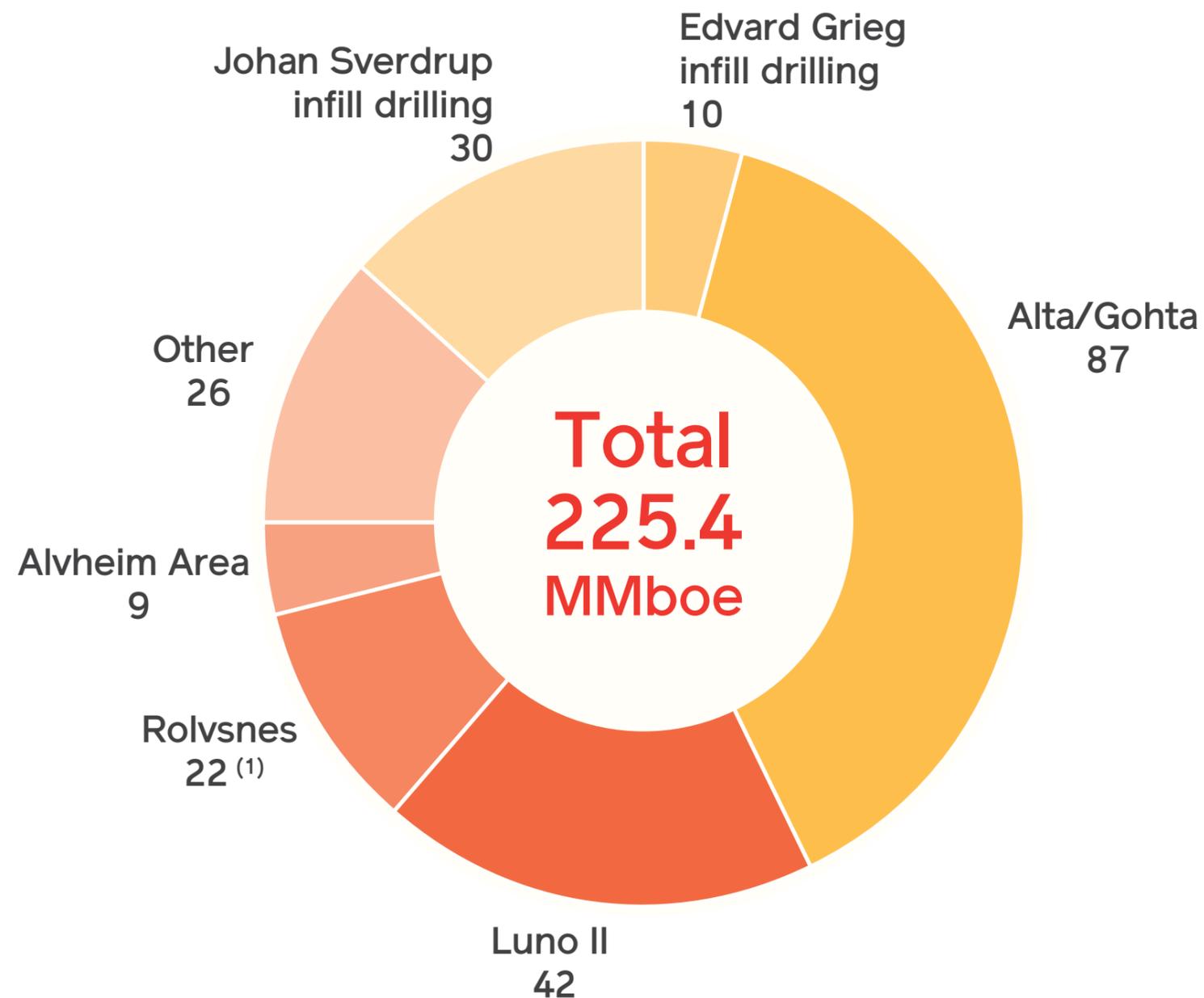


<sup>(1)</sup> 2P reserves

<sup>(2)</sup> Relates to Lundin Petroleum portfolio in Norway

# Lundin Petroleum

## Year-end 2018 2C Contingent Resources (net)



	MMboe
<b>End 2017</b>	<b>203.4</b>
+ Discoveries	+4.8
+ Revisions	+27.5
+ Acquisitions	+7.9
- Mature to Reserves	-18.2
<b>End 2018</b>	<b>225.4</b>

<sup>(1)</sup> Excludes impact of additional 30% equity from Lime Petroleum transaction

# Lundin Petroleum

## Year-end 2018 Reserves and Resources Summary (MMboe net)

>1 billion barrels  
resource base



### What to look out for in 2019

#### Reserve Bookings

- Luno II
- Edvard Grieg upside
- Edvard Grieg infills
- Rolvsnes EWT

#### Exploration Programme

**15** wells targeting  
**>750** MMboe net unrisked resources

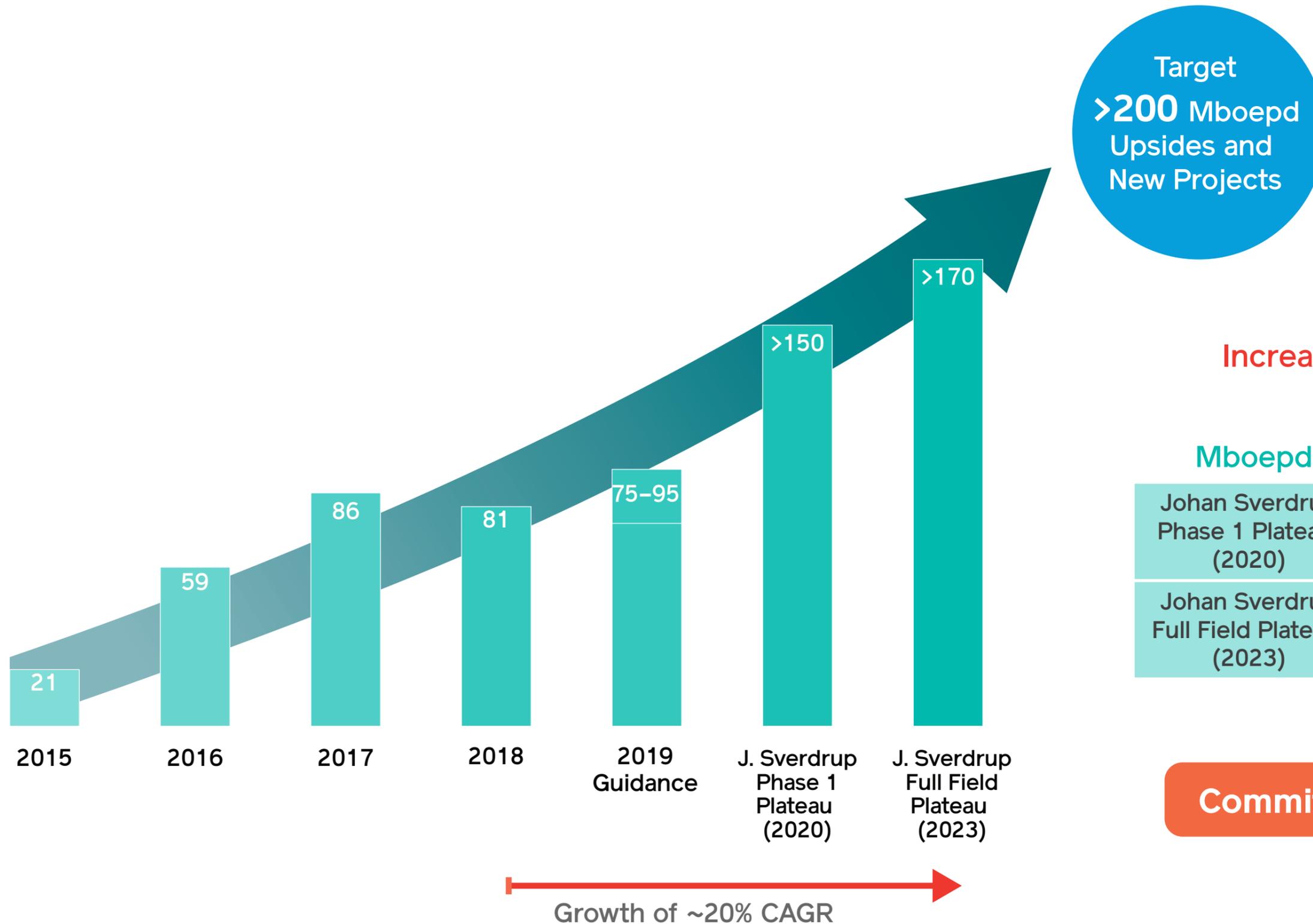
<sup>(1)</sup> 2P Reserves is Proved plus Probable remaining reserves

<sup>(2)</sup> 3P Reserves is Proved plus Probable plus Possible remaining reserves

<sup>(3)</sup> 2C Contingent Resources

# Lundin Petroleum

## Increased Long-term Production Guidance (Mboepd)



### Increased Production Guidance

Mboepd	New	Was
Johan Sverdrup Phase 1 Plateau (2020)	>150	>130
Johan Sverdrup Full Field Plateau (2023)	>170	>160

**Committed Projects + Luno II**

# Production assets

maximising value  
for the long-term



# Lundin Petroleum Greater Edvard Grieg Area – Keeping the Facilities Full

**Edvard Grieg**  
Reserves upside and  
infill opportunities

Lille Prinsen

Edvard Grieg

Ivar Aasen

Rolvsnes

Goddo

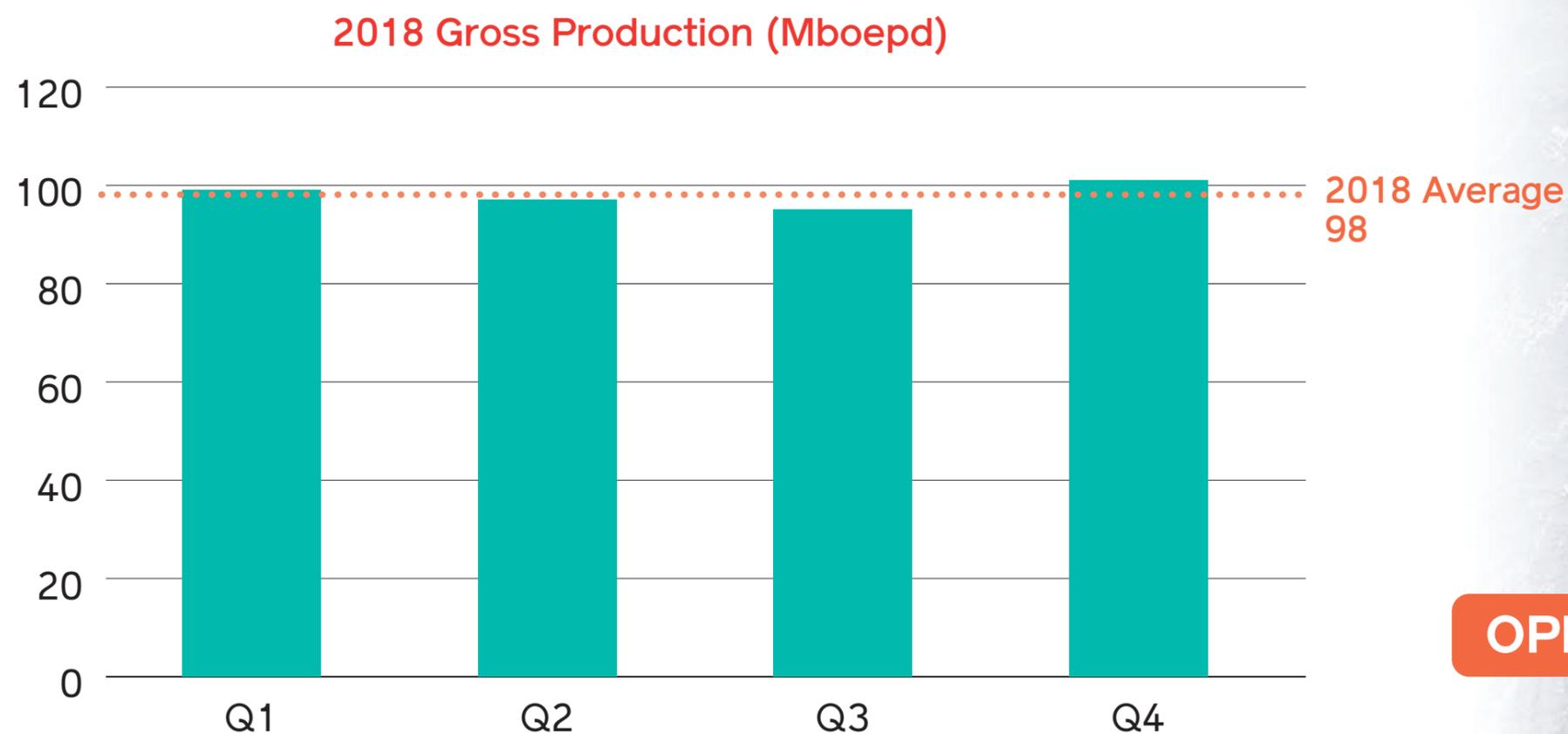
Luno II

Johan Sverdrup

**Tie-backs**  
Luno II, Rolvsnes/Goddo,  
Lille Prinsen and  
exploration opportunities

# Edvard Grieg Strong Operating Performance

- Production efficiency: 98% 2018 (96% 2019 assumption)
- Well capacity double available facilities capacity
- Production outlook reflects contractual capacity allocation - 90 Mbopd for Edvard Grieg out of 145 Mbopd<sup>(2)</sup>



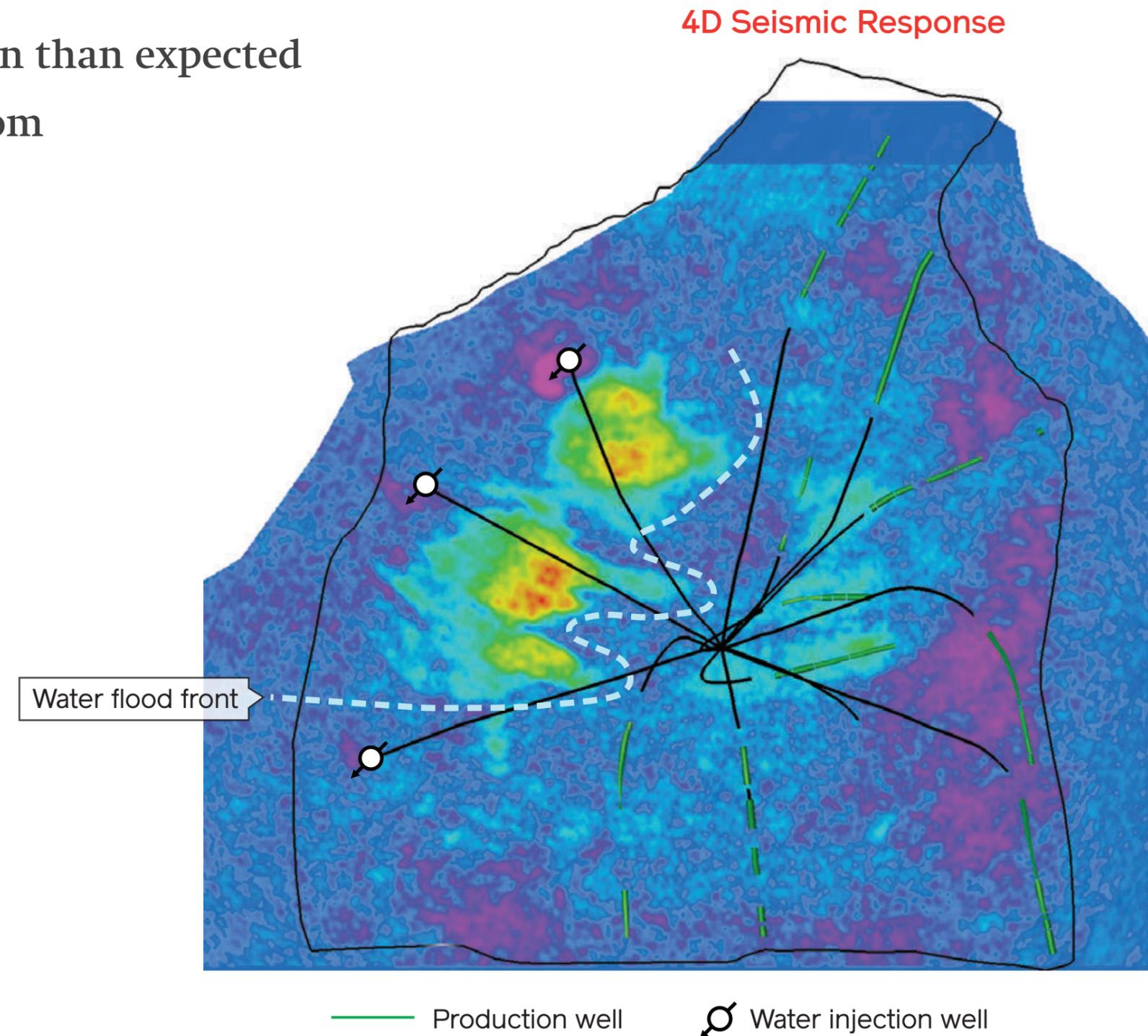
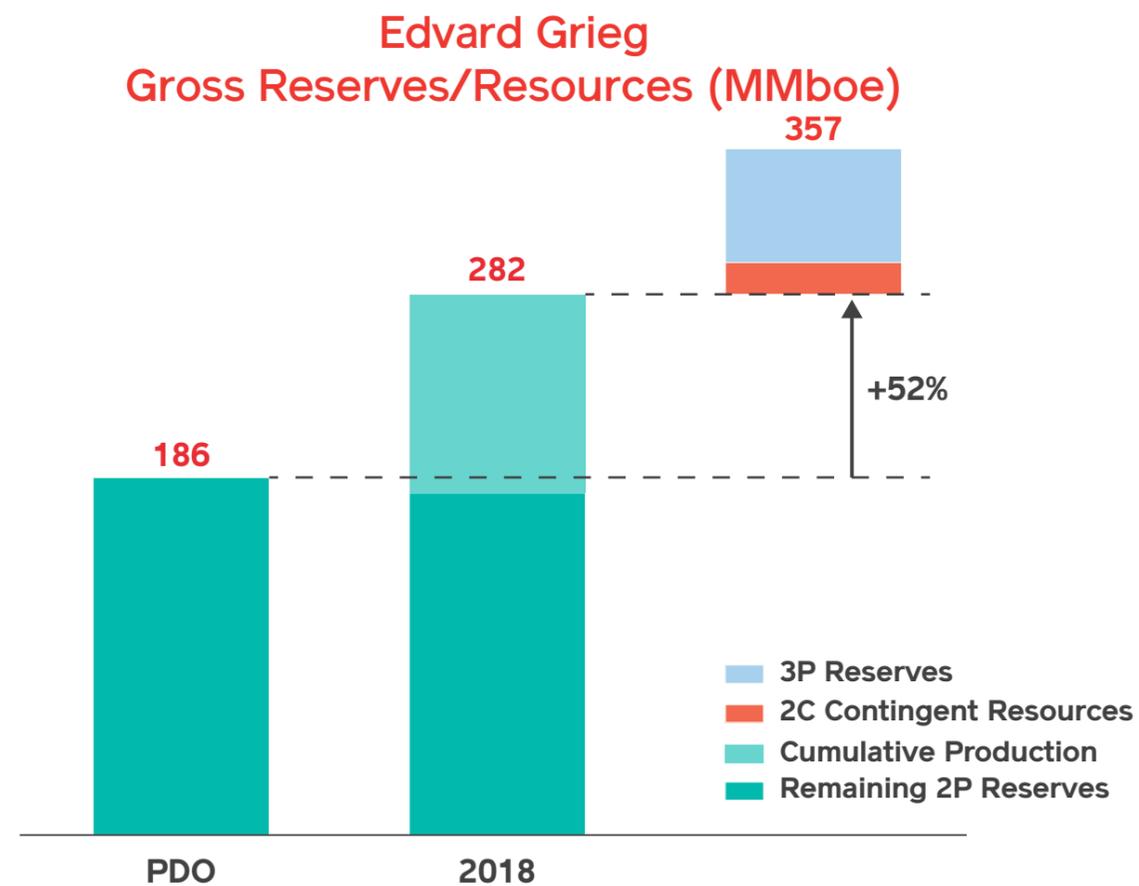
<sup>(1)</sup> 2018 actual, includes tariff netting

<sup>(2)</sup> Excludes gas and NGL's

**OPEX 3.95 USD/boe<sup>(1)</sup>**

# Edvard Grieg Reservoir Outperformance

- Plateau extended six months to mid-2020
- Significantly slower build-up of water production than expected
- Recent 4D seismic - water flood front further from producers than anticipated
  - Not reflected in current reservoir models



# Edvard Grieg Infill and Step-out Opportunities

➔ Infill well campaign planned for 2020

➔ Rig contracted – 3 firm slots

➔ Area exploration opportunities

➔ Jorvik/Tellus East (2019)

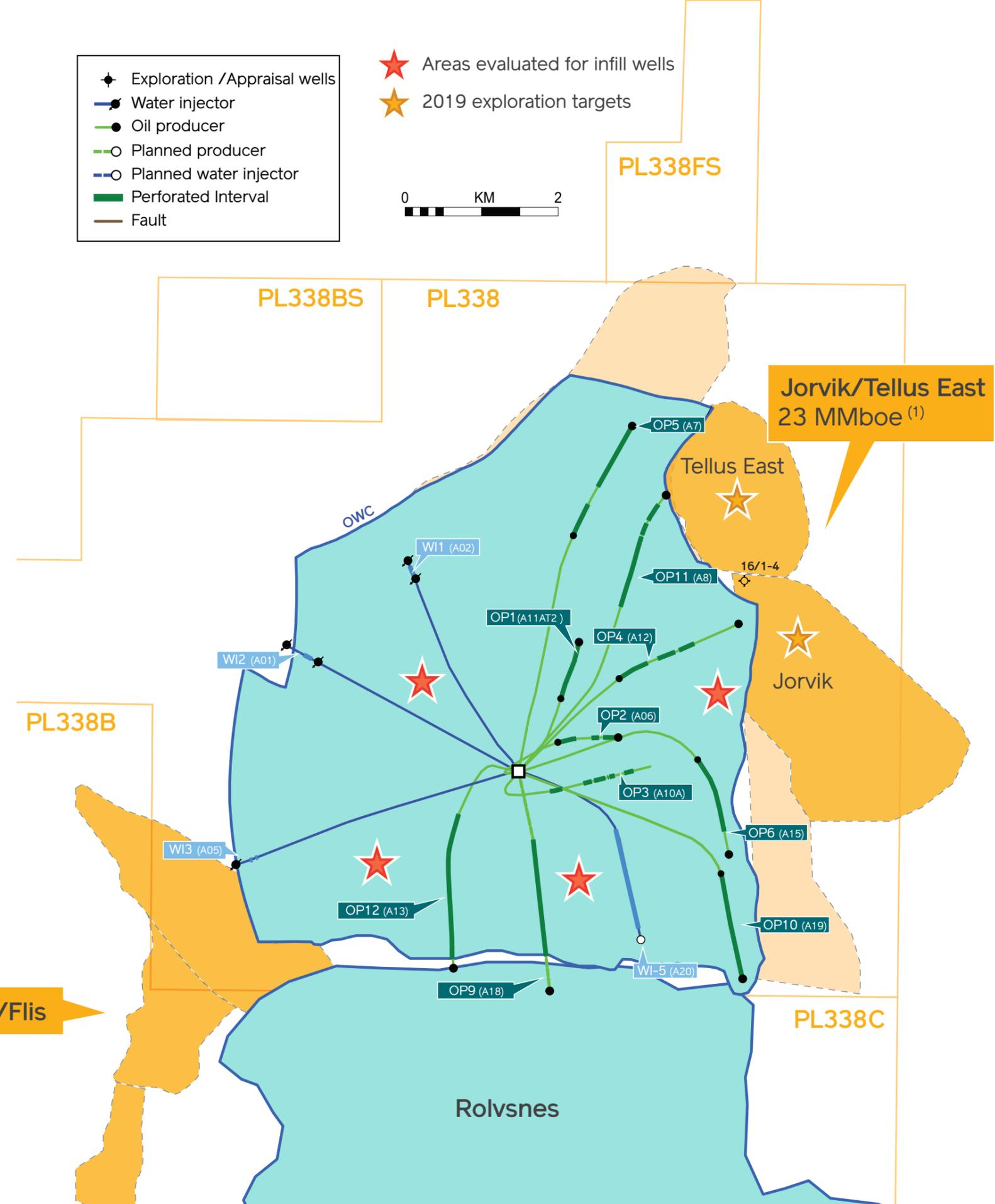
➔ Trolldhaugen/Flis (2020)

Infill Programme	
Initial 3 wells	16 MMboe <sup>(2)</sup>
Breakeven oil price	<25 USD/bbl <sup>(3)</sup>
IRR	>60% at 60 USD/bbl <sup>(3)</sup>

<sup>(1)</sup> Gross unrisked prospective resources

<sup>(2)</sup> Gross resources

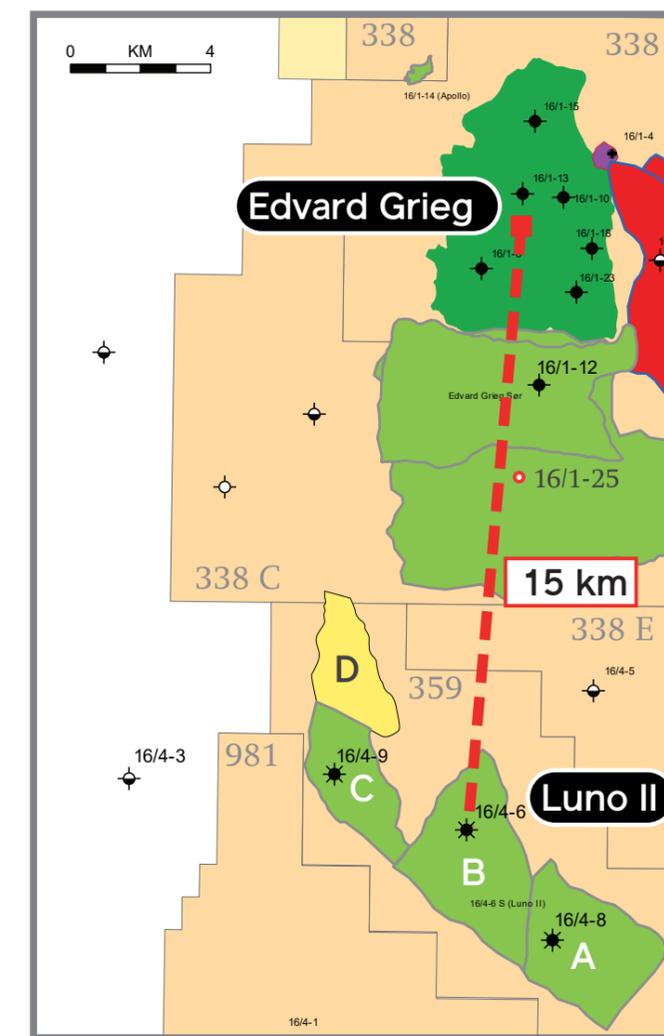
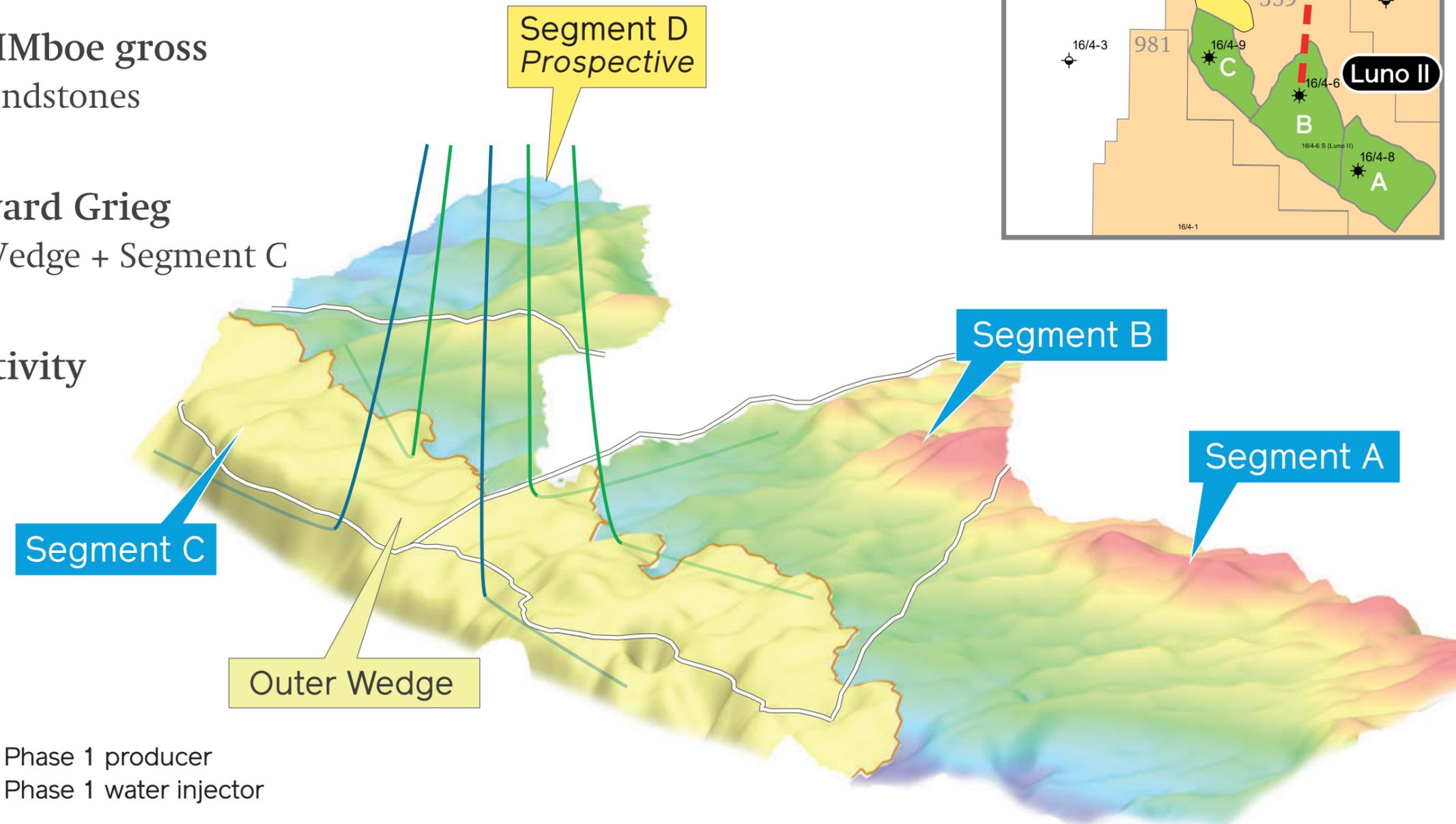
<sup>(3)</sup> Look forward



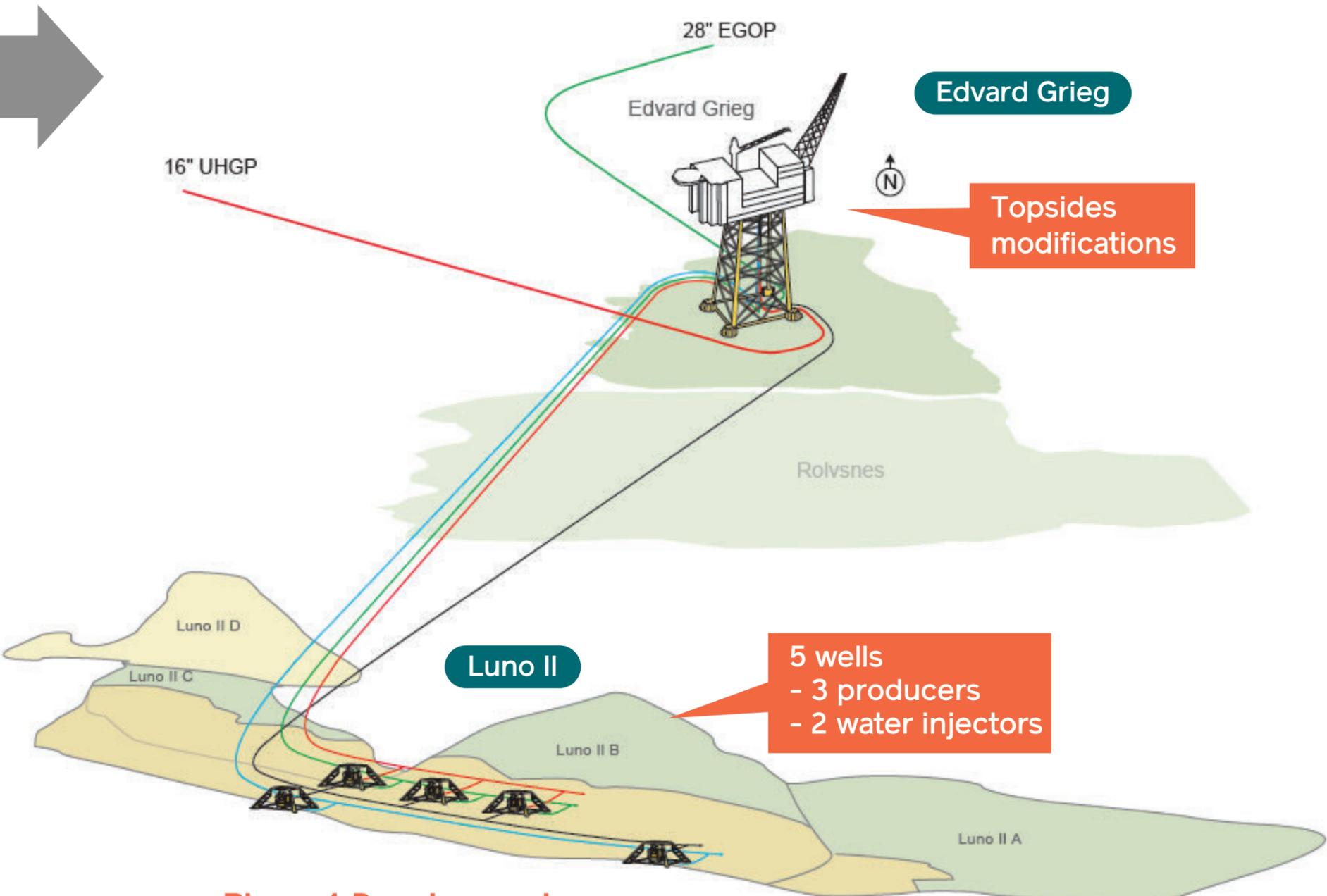
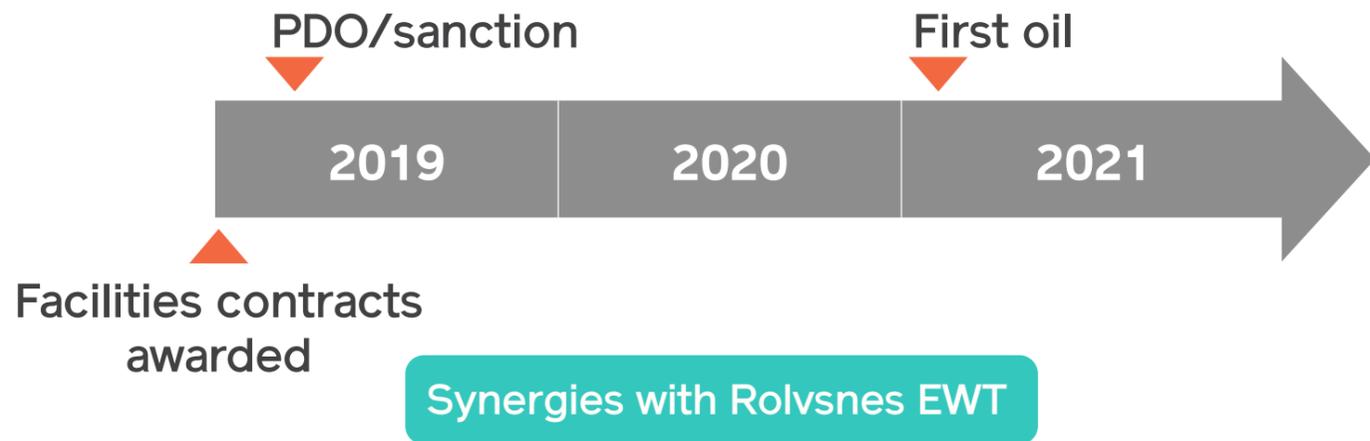
# Luno II

## Developing Satellites to Edvard Grieg

- **PL359 (Lundin 65% operated)**
  - Aligned equities with Edvard Grieg
  - acquired Equinor 15% interest
  
- **Increased resources 40–100 MMboe gross**
  - Appraisal well - high quality sandstones
  
- **Phased subsea tie-back to Edvard Grieg**
  - Phase 1 - Segment B Outer Wedge + Segment C
  
- **Phase 2 - upside plus prospectivity**



# Luno II Development Project - Phase 1



Luno II Phase 1 Development	
Contingent resources	57 MMboe gross <sup>(1)</sup>
Development cost	<15 USD/boe
Breakeven oil price	<30 USD/boe <sup>(2)</sup>
IRR	>25% at 60 USD/bbl <sup>(2)</sup>

**Phase 1 Development**  
(Expansion Flexibility)

(1) Contingent resources - booked as 2P reserves on sanction  
(2) Look forward

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# Rolvsnes/Goddo

## Developing Porous/Fractured Basement

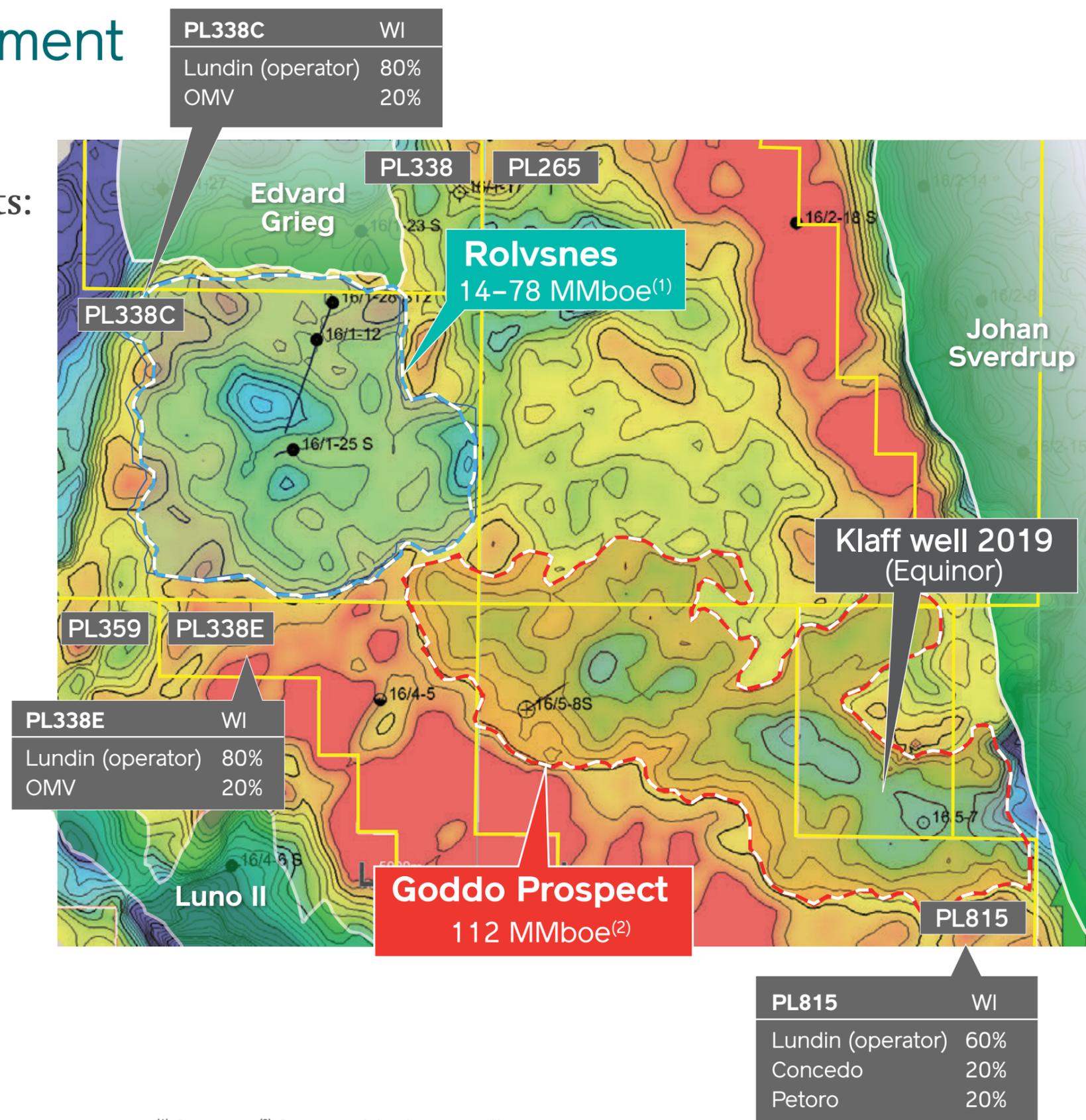
### ➔ Strategic acquisition of Lime Petroleum's interests:

- ➔ PL338C / E Rolvsnes (Lundin now 80% operated)
- ➔ PL815 Goddo (Lundin now 60% operated)

### ➔ Rolvsnes horizontal appraisal well (2018)

- ➔ Good productivity – 7,000 bopd
- ➔ Significant connected volume
- ➔ Still need to confirm long-term productivity
- ➔ Rolvsnes resources increased to 14–78 MMboe<sup>(1)</sup>
- ➔ De-risks Goddo area

### ➔ Area potential (Rolvsnes+Goddo) >250 MMboe<sup>(1)</sup>

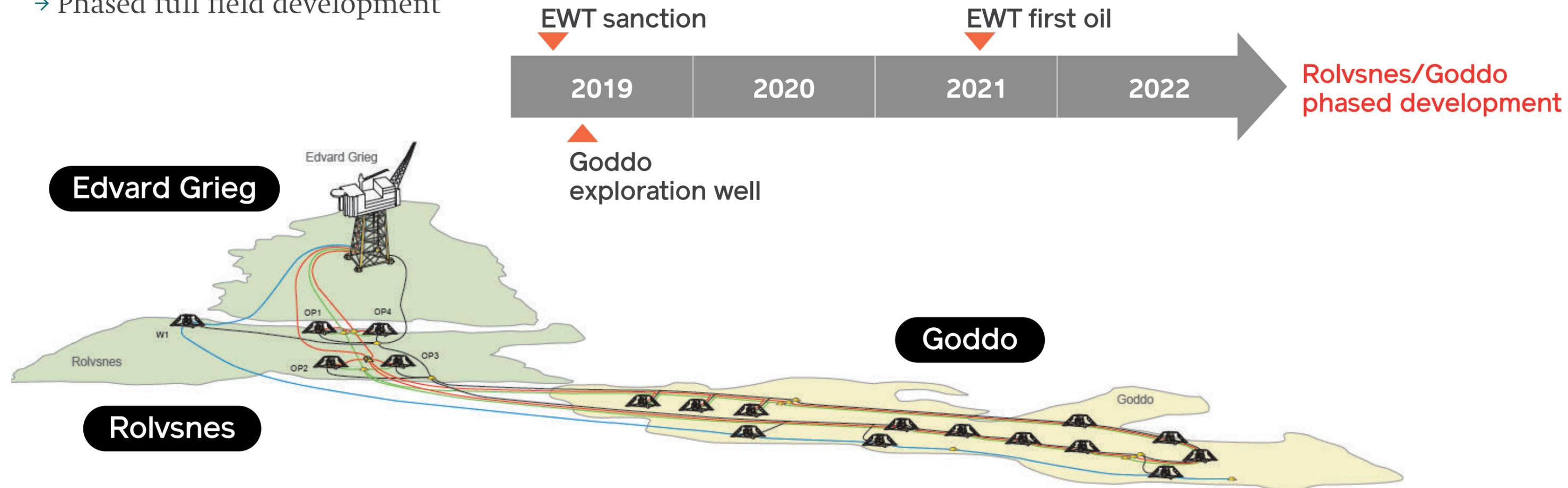


<sup>(1)</sup> Gross <sup>(2)</sup> Gross unrisked prospective resources

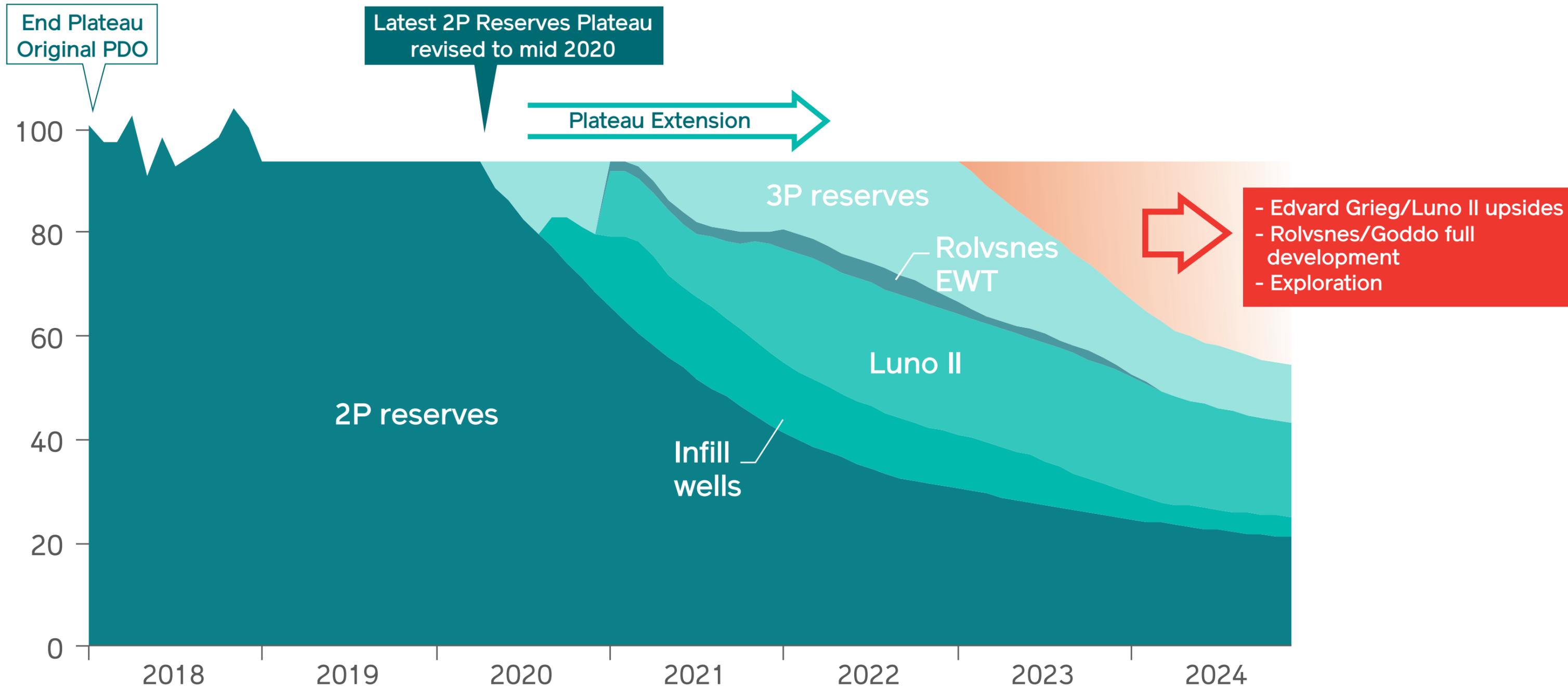
# Rolvsnes/Goddo Phased Approach

## ➔ Phased approach

- 2018 Rolvsnes horizontal appraisal well and DST - completed
- 2019 Goddo prospect drilling
- 2021 Rolvsnes EWT tied in subsea to Edvard Grieg - sanction Q1 2019
- Phased full field development



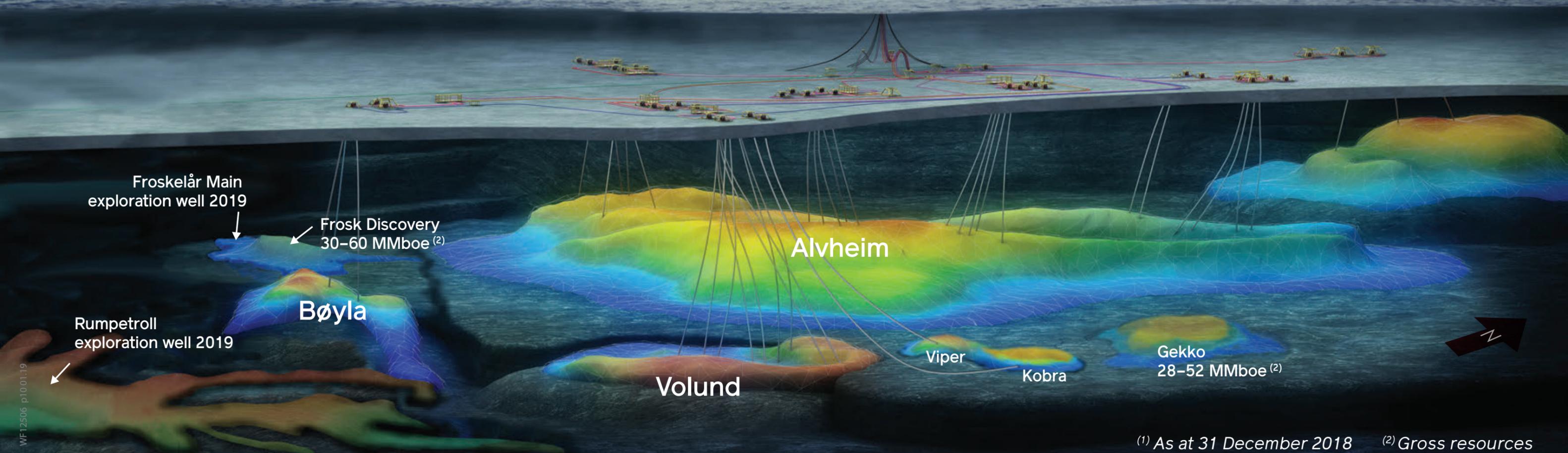
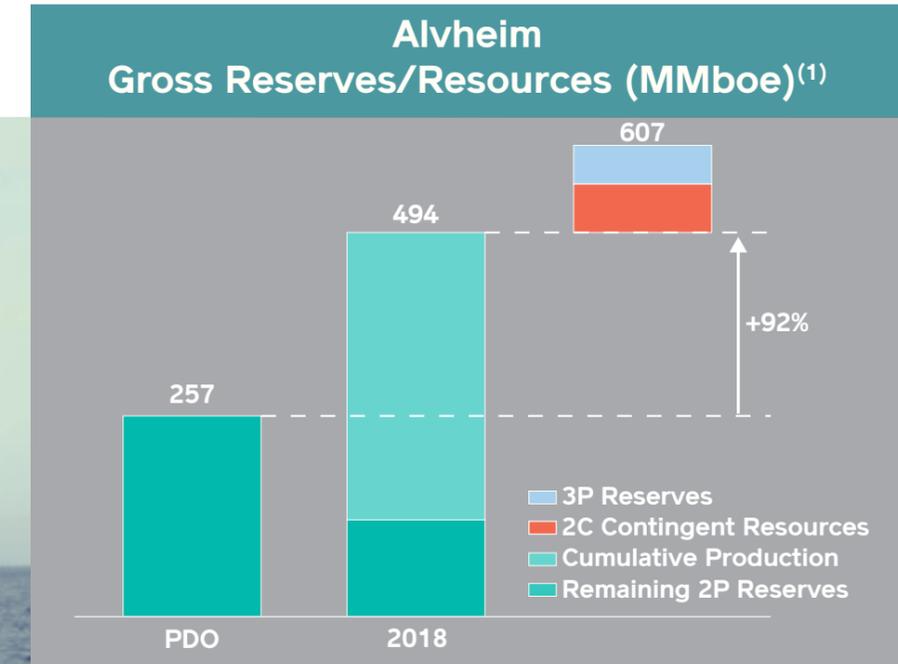
# Greater Edvard Grieg Area Extended Plateau Production



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# Alvheim Area Continuous Reserves Growth

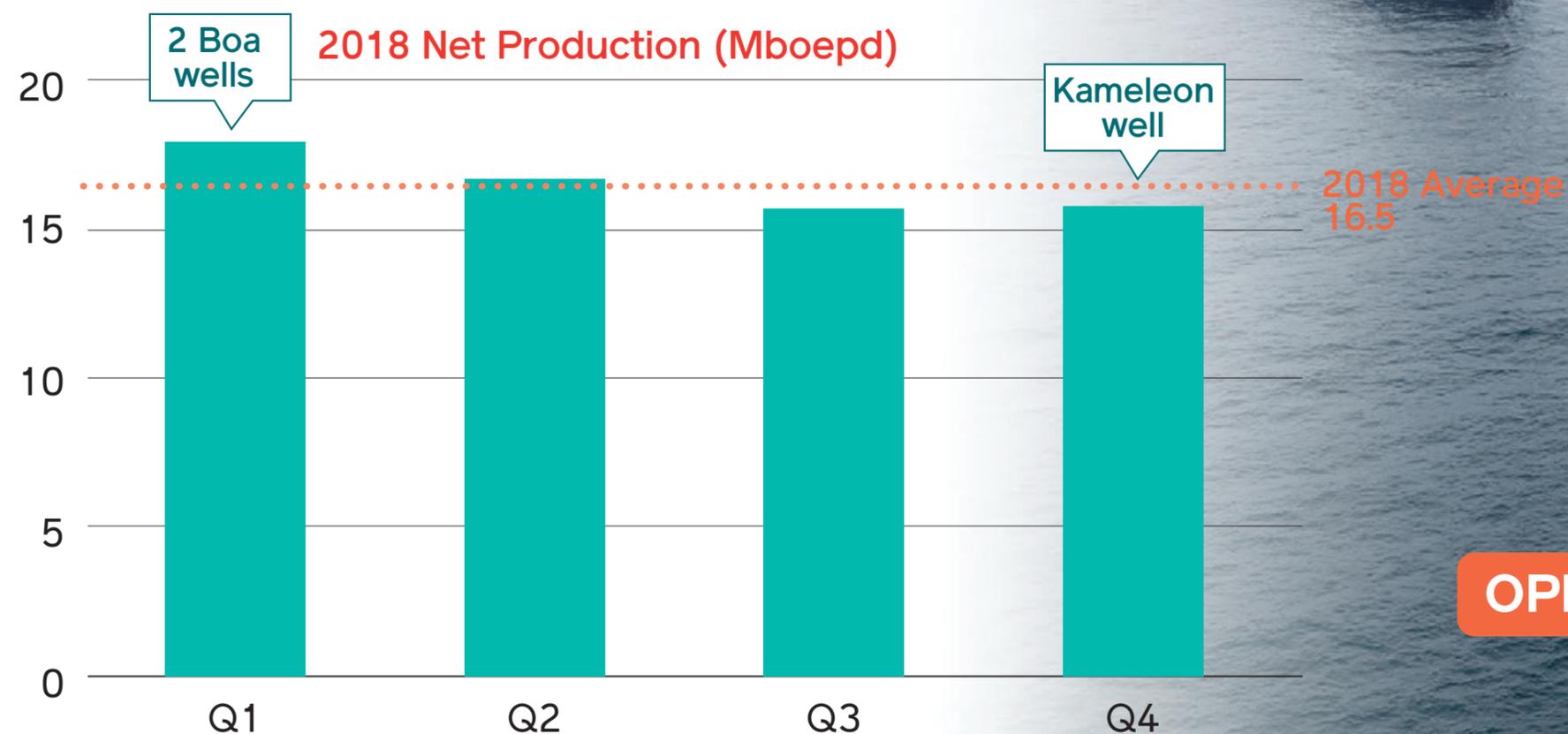
- Strong reservoir performance
- Portfolio of good infill drilling opportunities
- Frosk area potential >200 MMboe<sup>(2)</sup>



<sup>(1)</sup> As at 31 December 2018    <sup>(2)</sup> Gross resources

# Alvheim Area Strong Performance

- Continued strong facilities performance
  - 2018 production efficiency 97%
- Good results from 2017/2018 infill wells
  - 3 wells on line in 2018
  - Largely arrests decline
- 2 wells online in 2019
  - Frosk test producer – via Boyla facilities
  - Volund infill



**OPEX 4.96 USD/boe <sup>(1)</sup>**

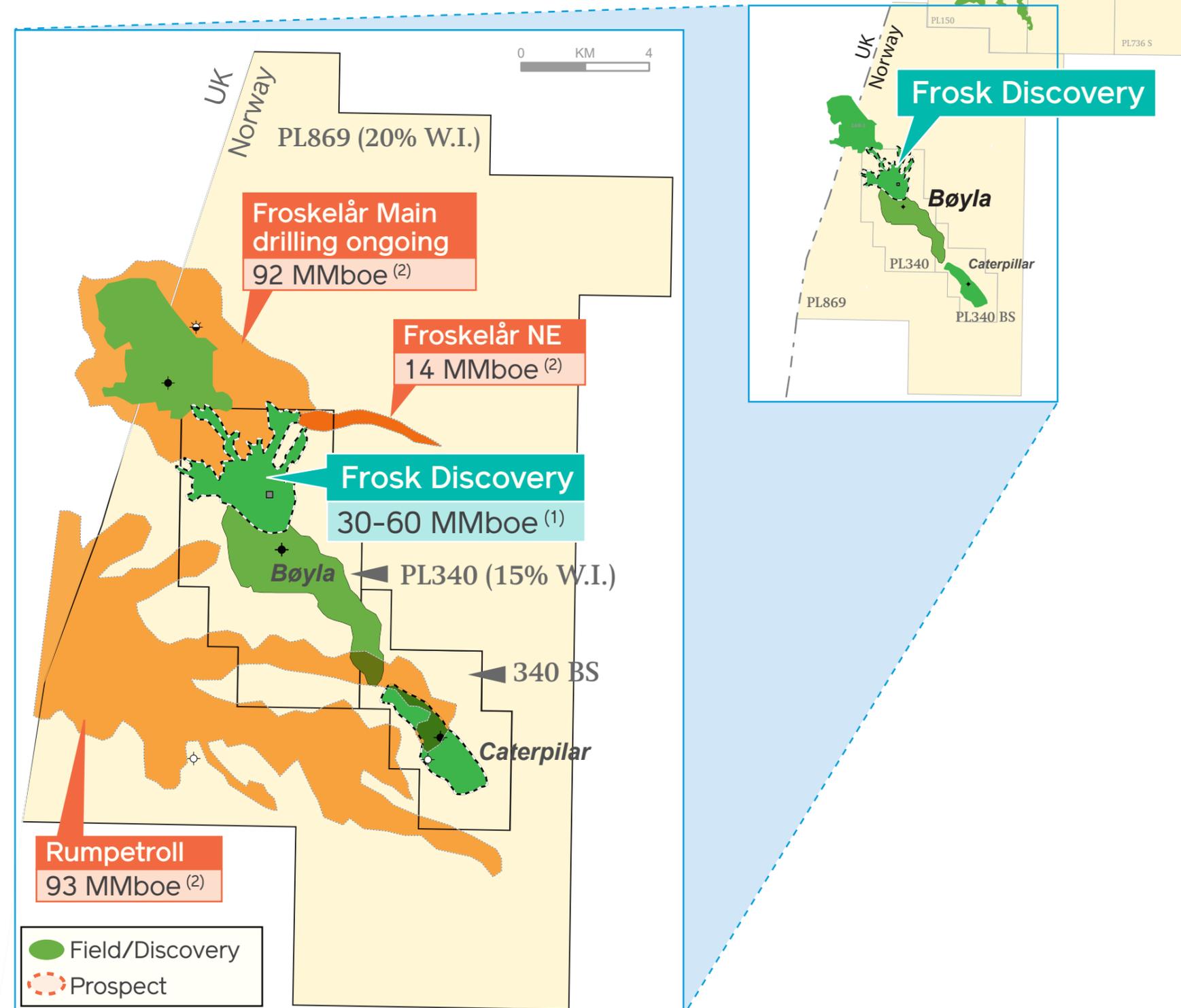
<sup>(1)</sup> 2018 actual

# Alvheim Area Frosk Upside - a New Alvheim?

- ➔ PL340 (Lundin 15%) & PL869 (Lundin 20%)
- ➔ Frosk oil discovery – 30–60 MMboe<sup>(1)</sup>
- ➔ Area potential > 200 MMboe<sup>(2)</sup>
- ➔ Froskelår Main, Froskelår NE and Rumpetroll drilling 2019

<sup>(1)</sup> Gross resources

<sup>(2)</sup> Gross unrisked prospective resources



# Johan Sverdrup

the final countdown



# Lundin Petroleum

## Johan Sverdrup – Key Numbers Improving

### GROSS RESOURCES

↑ **2.2–3.2** billion boe  
(PDO 1.7 – 3.0 billion boe)

### PRODUCTION CAPACITY

**Phase 1**  
First oil Nov 2019  
**440** Mbopd

**Full Field**  
First oil Q4 2022  
**660** Mbopd

### BREAK EVEN PRICE

**Full Field**  
**<20** USD/boe

### GROSS CAPEX <sup>(1)</sup>

↓ **Phase 1**  
PDO 123 Bn NOK  
Current **86** Bn NOK

↓ **Phase 2**  
PDO 85 Bn NOK <sup>(2)</sup>  
Current **41** Bn NOK

### Working Interest – Johan Sverdrup Unit

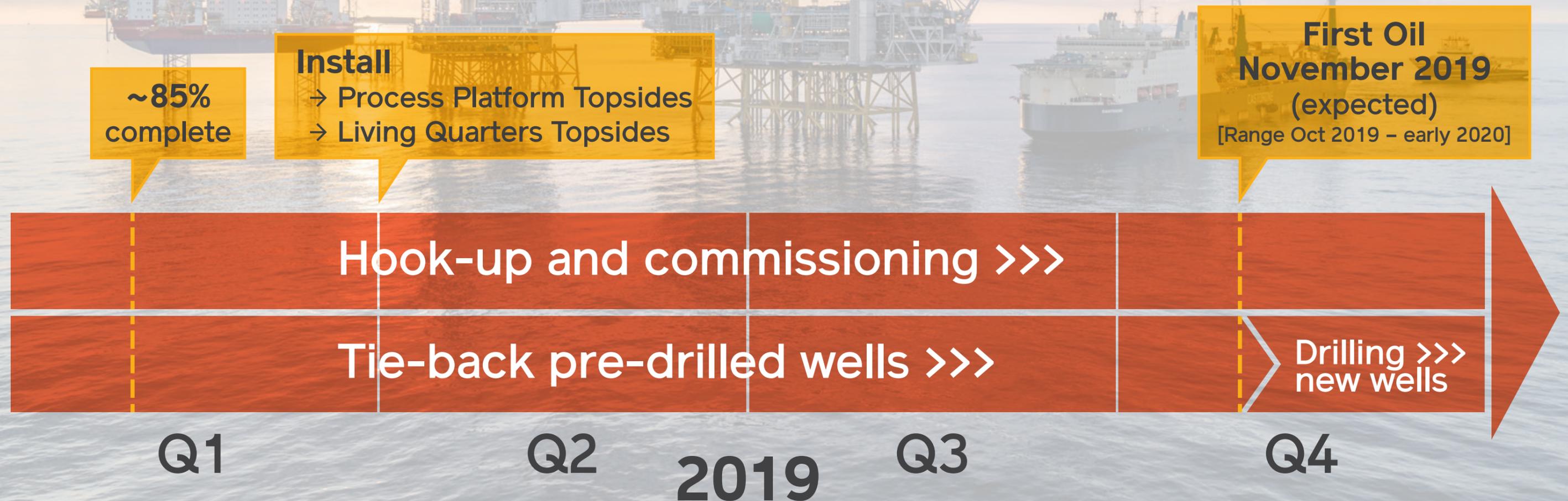
Equinor	40.0267%
<b>Lundin</b>	<b>22.6000%</b>
Petoro	17.3600%
Aker BP	11.5733%
Total	8.4400%

<sup>(1)</sup> Nominal, fixed currency  
<sup>(2)</sup> Original PDO

# Johan Sverdrup

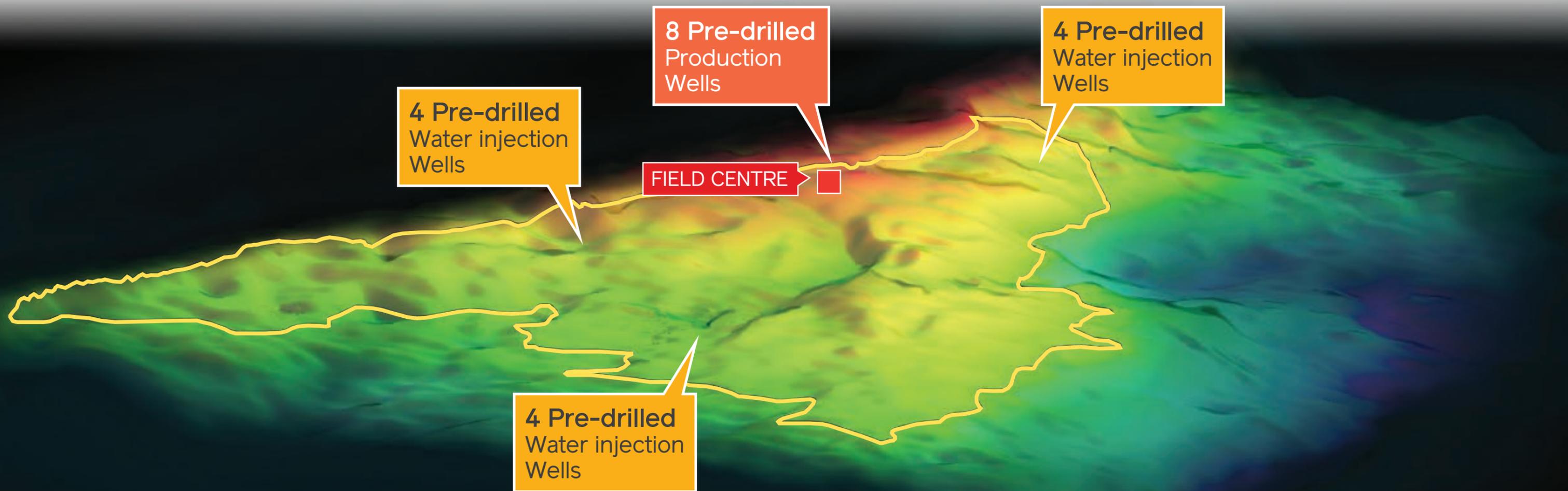
## Phase 1 – The Countdown to First Oil

- On track for expected first oil November 2019
- Ramp-up to Phase 1 plateau 440 Mbopd – expected summer 2020
  - Rapid ramp-up of 8 pre-drilled wells
  - Drilling of further 2 to 4 wells required to reach plateau



# Johan Sverdrup Reservoir Update

- 20 pre-drilled wells completed ahead of schedule
- Gross resource range increased to 2.2–3.2 billion boe
  - Lundin 2P reserves (net): 605 MMboe<sup>(1)</sup>
  - Results from pre-drilled wells included
  - Water Alternating Gas (WAG) injection included
- Recovery ambition >70%
  - Permanent reservoir monitoring
  - Infill wells

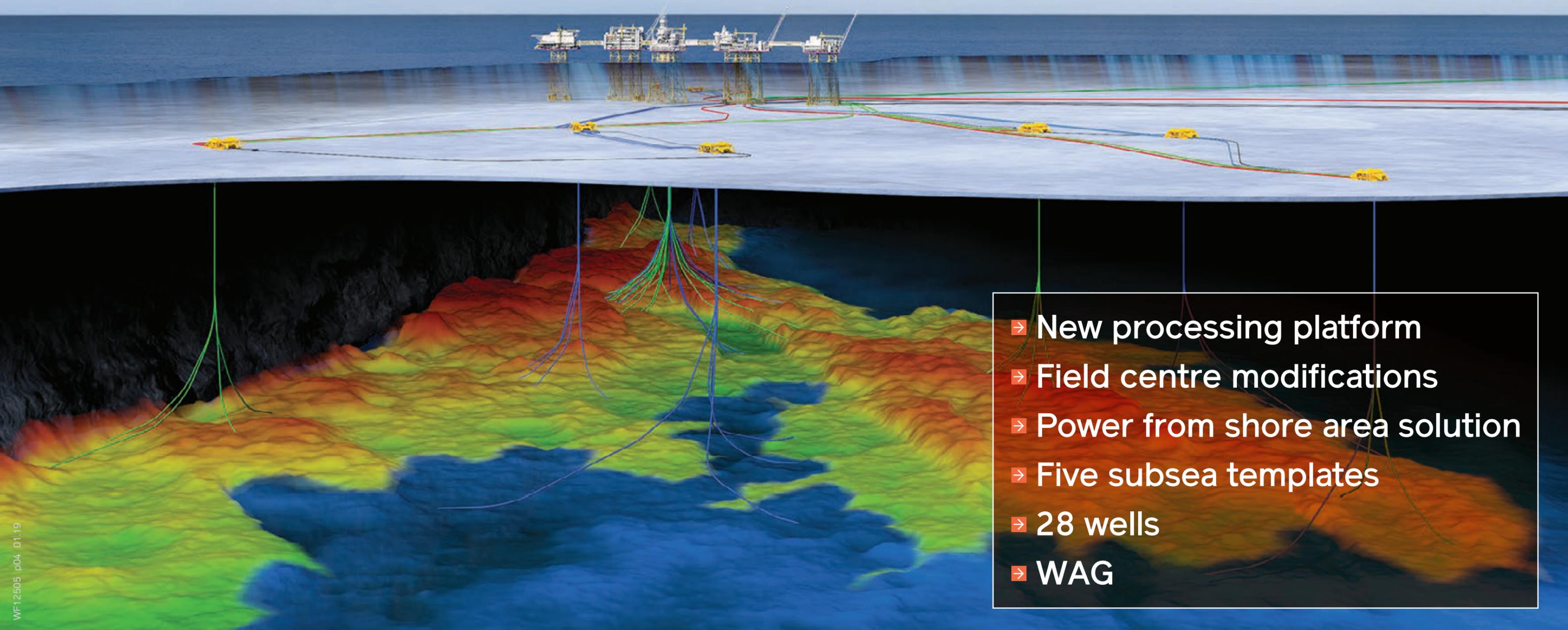


<sup>(1)</sup> Lundin Petroleum year end 2018 proved plus probable reserves estimate

# Johan Sverdrup

## Phase 2

- ➔ Phase 2 PDO submitted, First Oil Q4 2022
- ➔ Development progressing on plan



- ➔ New processing platform
- ➔ Field centre modifications
- ➔ Power from shore area solution
- ➔ Five subsea templates
- ➔ 28 wells
- ➔ WAG

# Johan Sverdrup

## Driving Production Growth

Full field capacity  
**660 Mbopd**  
First oil **Q4 2022**

Phase 1 capacity  
**440 Mbopd**  
First oil **Nov 2019**  
(expected)

# Organic growth

delivering on our strategy

# Lundin Petroleum Organic Value Creation through Innovation

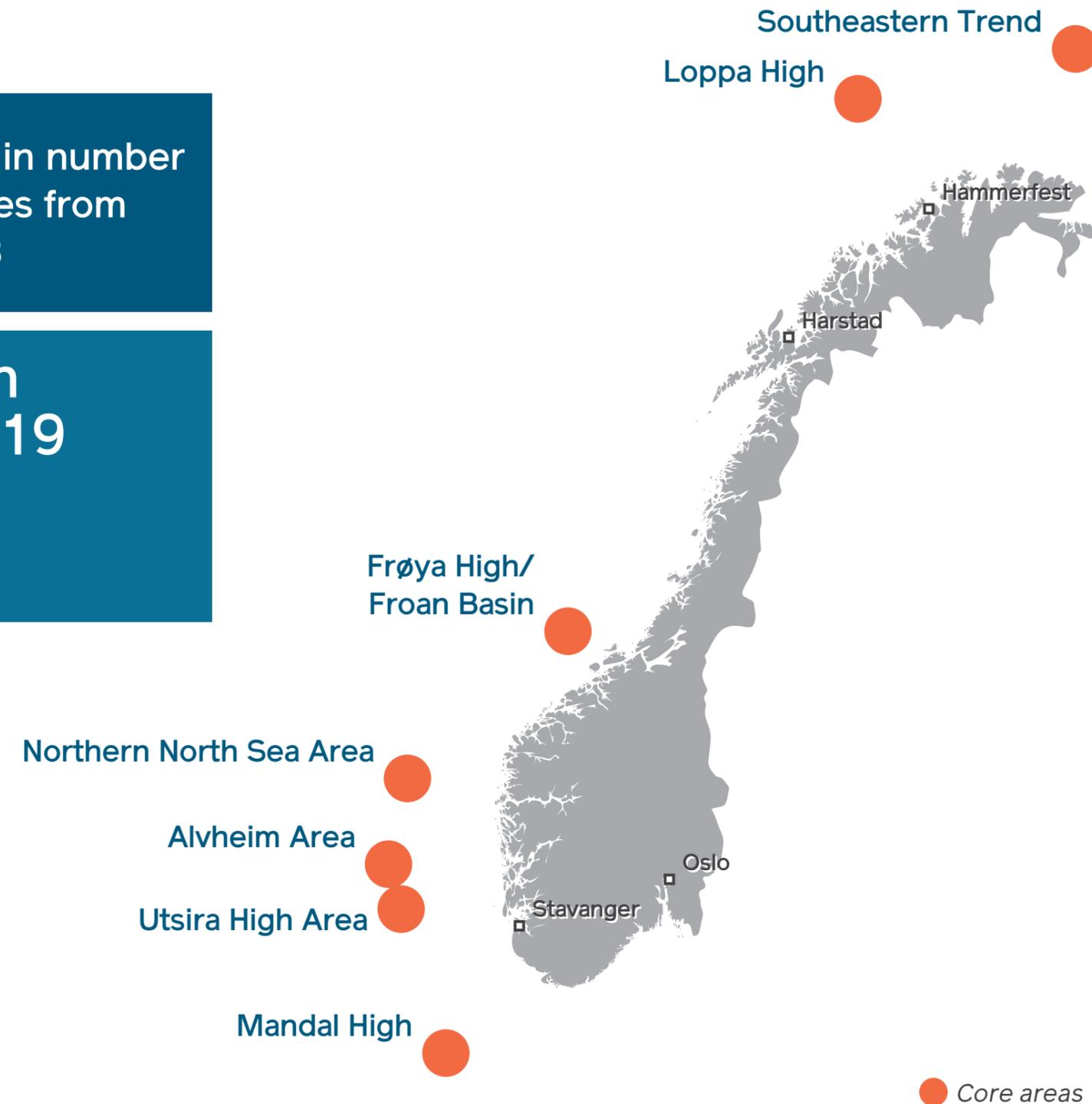
- Subsurface **expertise**
- Cutting-edge **technology**
- Maximising **recovery**
- New **reservoirs** and **plays**

**0.7** USD/boe ➤ Lundin Petroleum finding costs <sup>(1)</sup>

(1) Post tax



# Lundin Petroleum Organic Growth Strategy



<sup>(1)</sup> Net contingent resources

<sup>(2)</sup> Net unrisked prospective resources

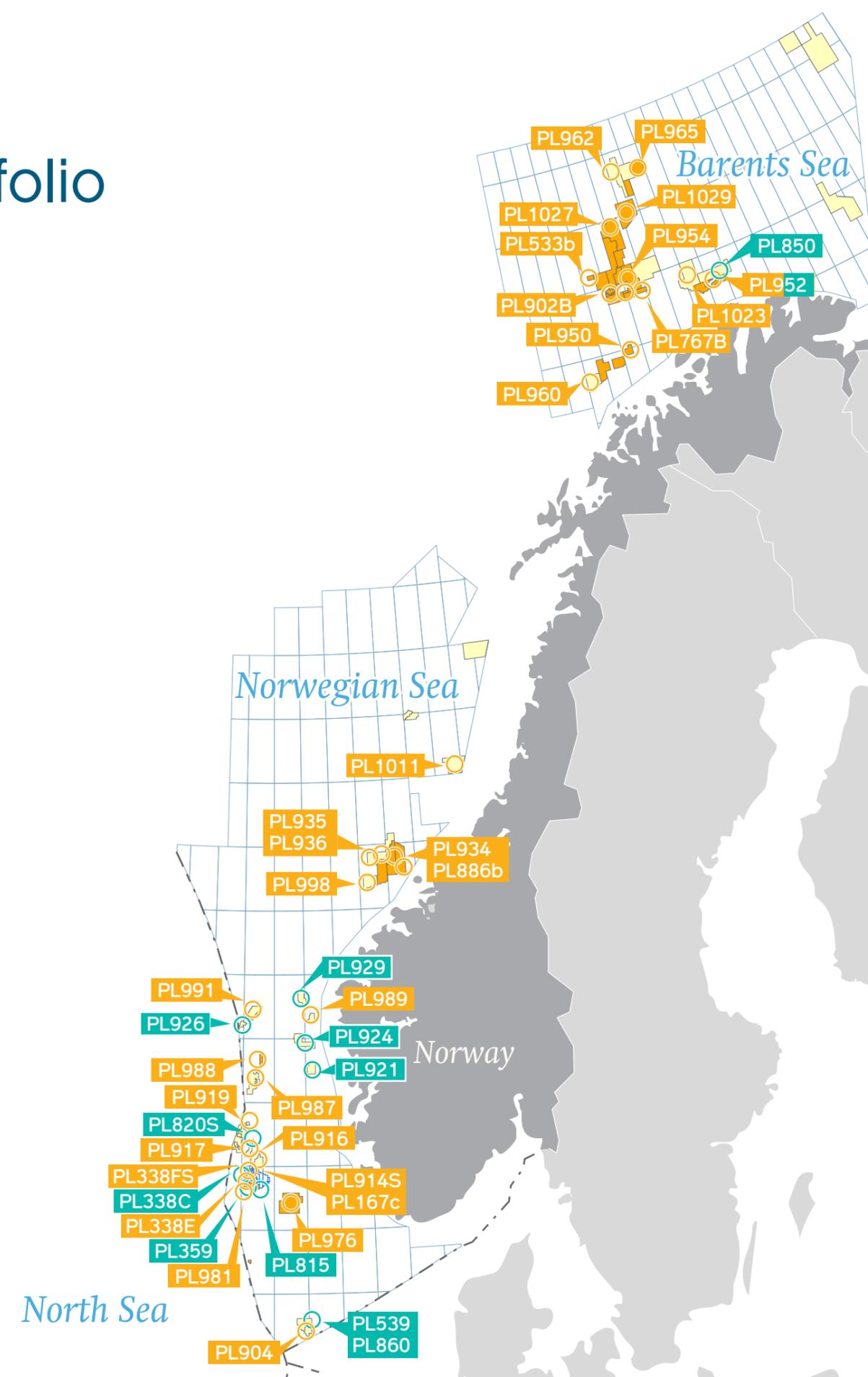
● Core areas

# Lundin Petroleum Renewing and Diversifying the Exploration Portfolio

- Actively managing and expanding the portfolio
- Licensing Rounds
  - APA 2017 – 14 licence awards
  - APA 2018 – record 15 licence awards
  - 24<sup>th</sup> Round – 3 licence awards
- 7 deals in 2018
- Northern North Sea emerging new core area

82 licences

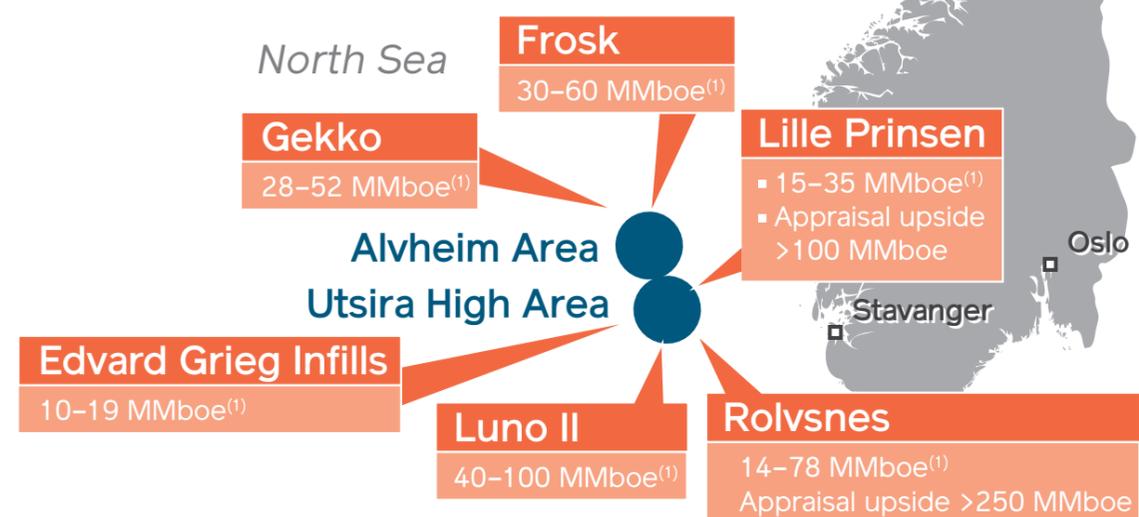
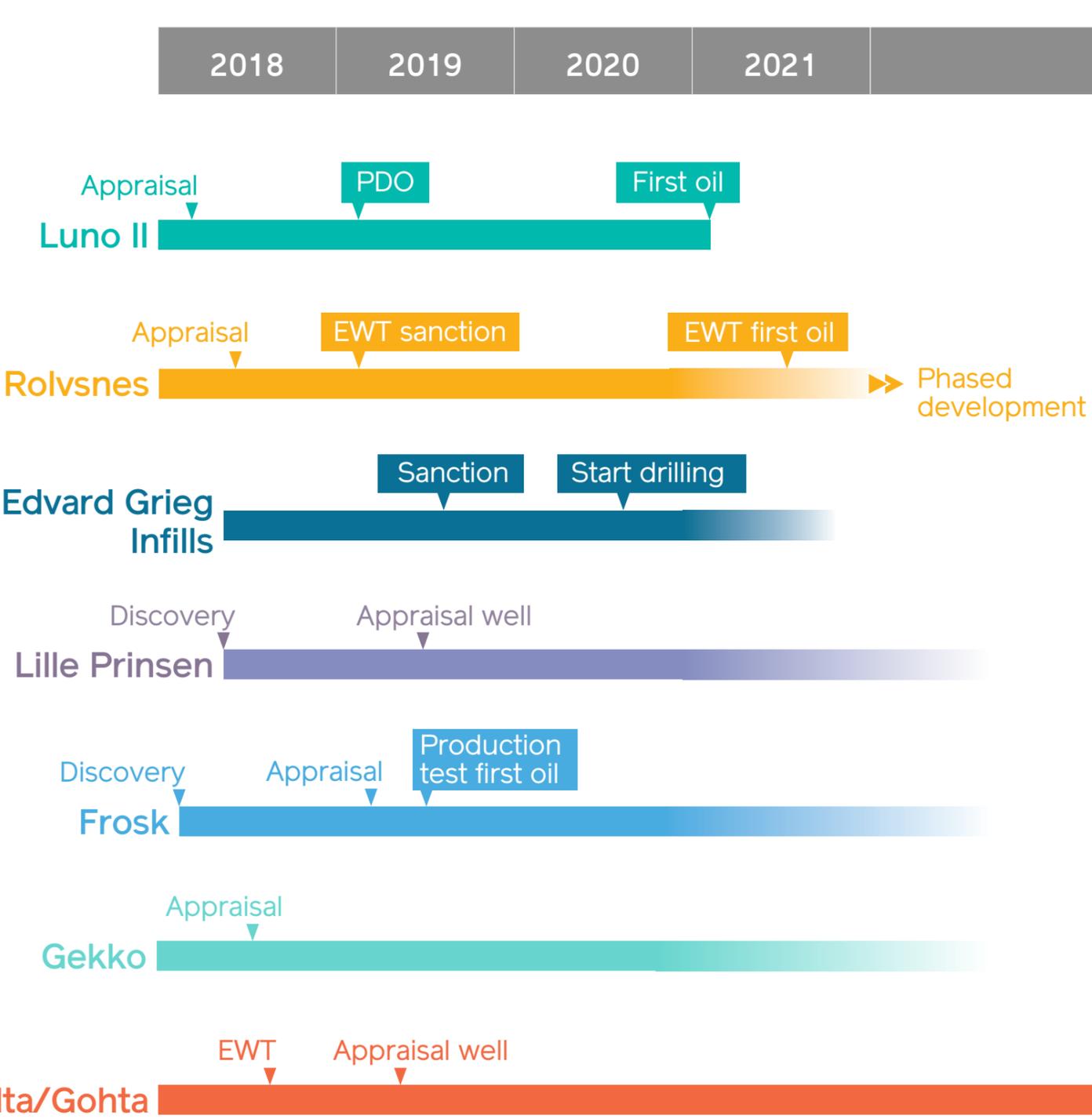
~70% increase  
from Jan 2018



○ Acquisition/swap  
○ Licence rounds

# Lundin Petroleum Pipeline of Potential New Projects

7 potential new projects targeting 105–350 MMboe net resources<sup>(2)</sup>

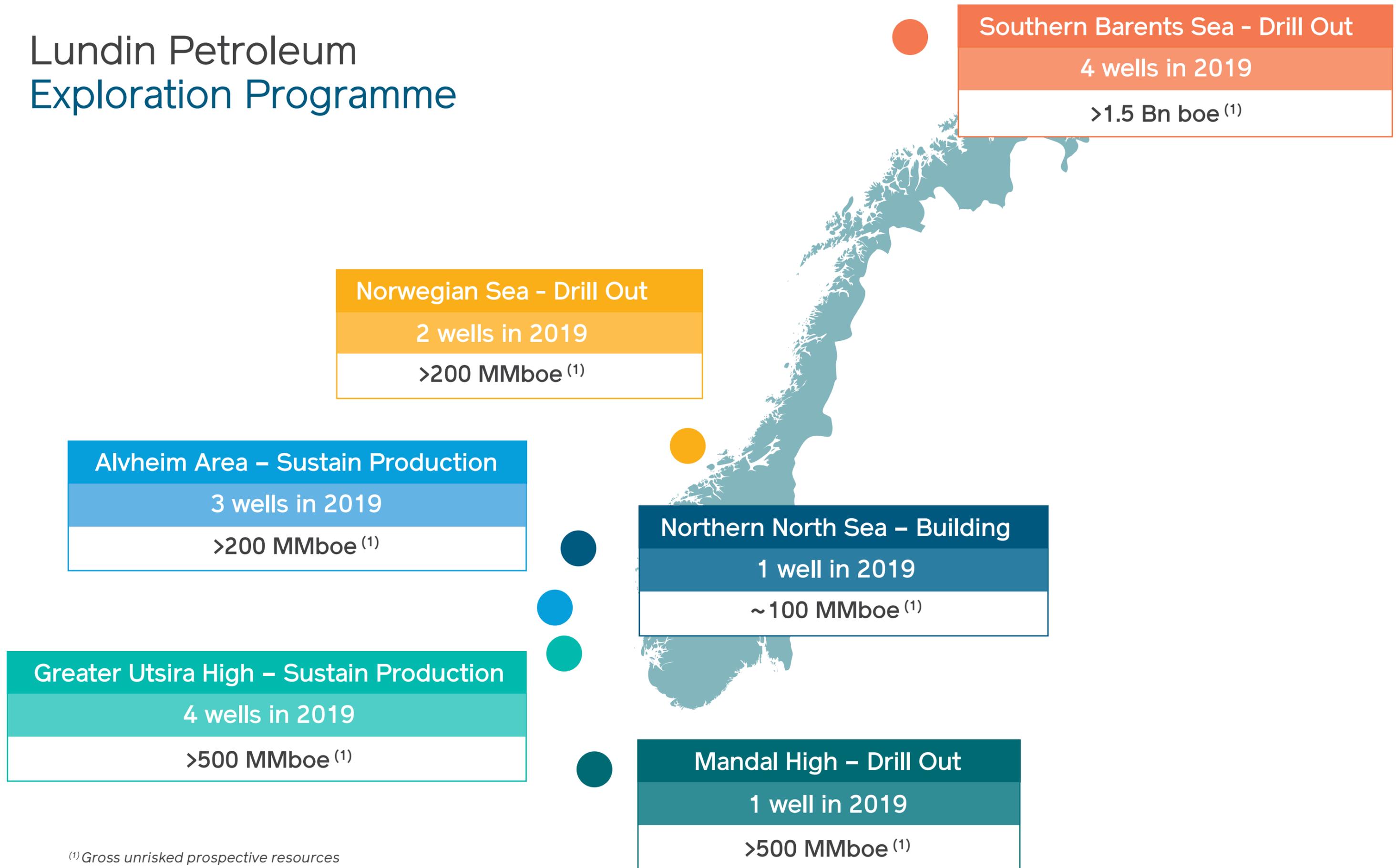


Appraisal project

<sup>(1)</sup> Operator estimate of gross resources  
<sup>(2)</sup> Net contingent resources plus prospective resources

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# Lundin Petroleum Exploration Programme



<sup>(1)</sup>Gross unrisks prospective resources

# Southern Barents Sea

## Large underexplored area

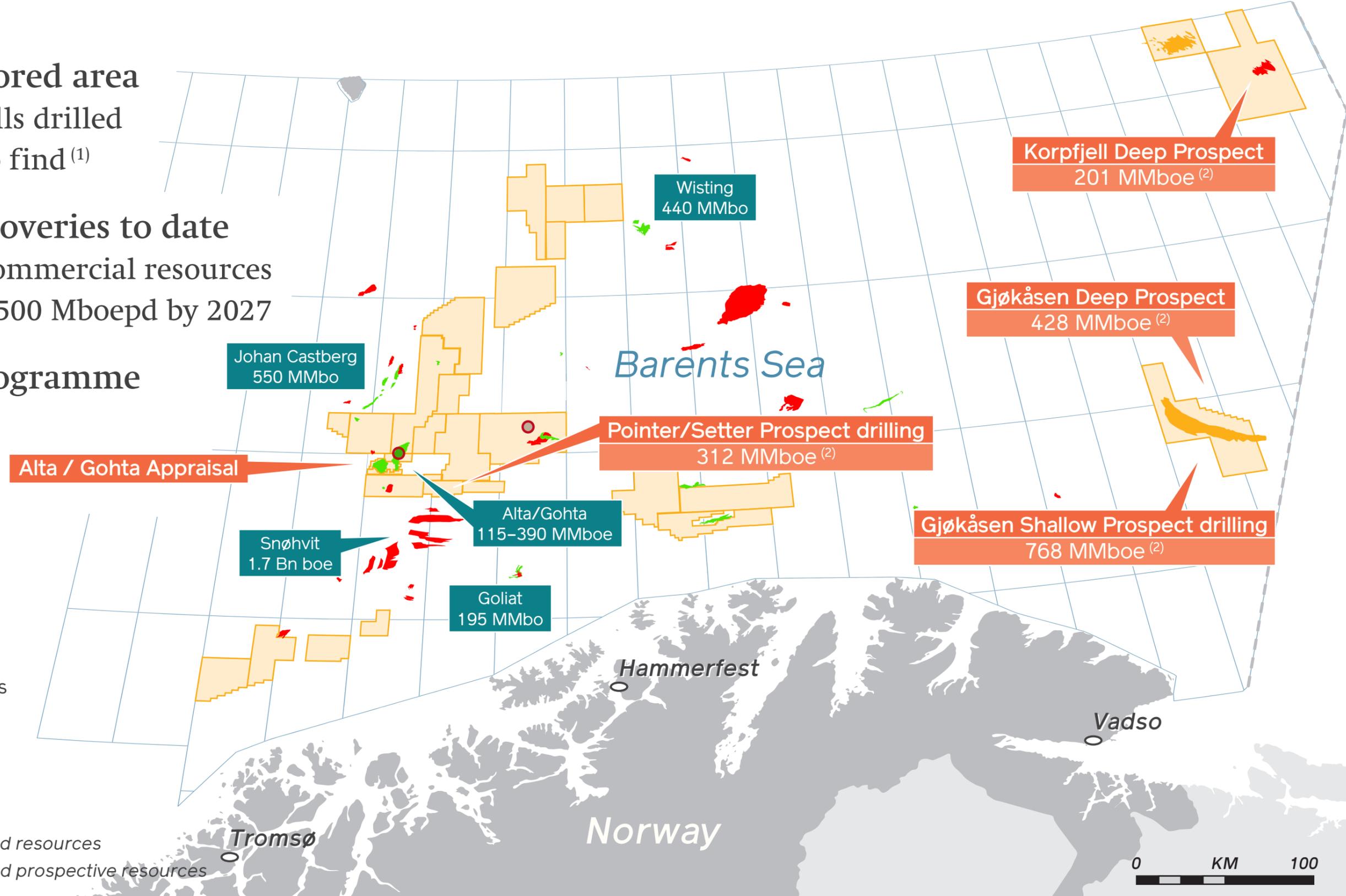
- ~120 wildcat wells drilled
- 7.3 Bn boe yet to find<sup>(1)</sup>

## 5 significant discoveries to date

- >2.5 Bn boe of commercial resources
- Area producing 500 Mboepd by 2027

## Exciting 2019 programme

- 5 E&A wells

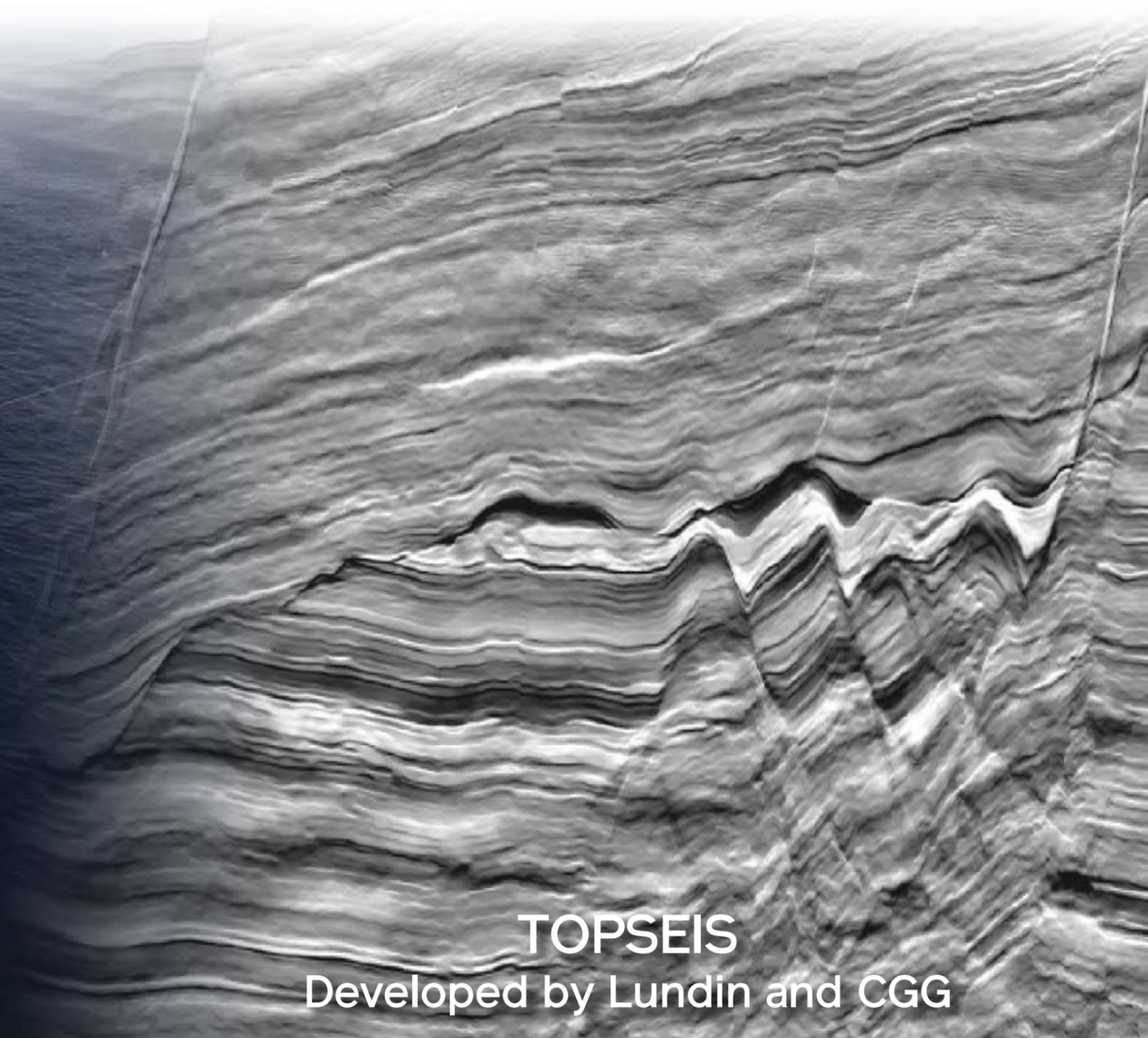


<sup>(1)</sup> NPD estimate Jan 2018 - yet to find resources

<sup>(2)</sup> Lundin estimates of gross unrisks prospective resources

# Lundin Petroleum At the Forefront of Seismic Innovation

- **Broadband** (Utsira High)
- **Topseis** (Barents Sea & Utsira High)
- Topseis **>10x** increase in data



**TOPSEIS**  
Developed by Lundin and CGG

# Alta/Gohta Pioneering Karstified Carbonate Reservoirs

- First NCS karstified carbonate reservoir
- Successful extended well test reduces uncertainty
- Resource range 115–390 MMboe<sup>(1)</sup>  
Unchanged – EWT & Topseis still being assessed
- Further appraisal 2019

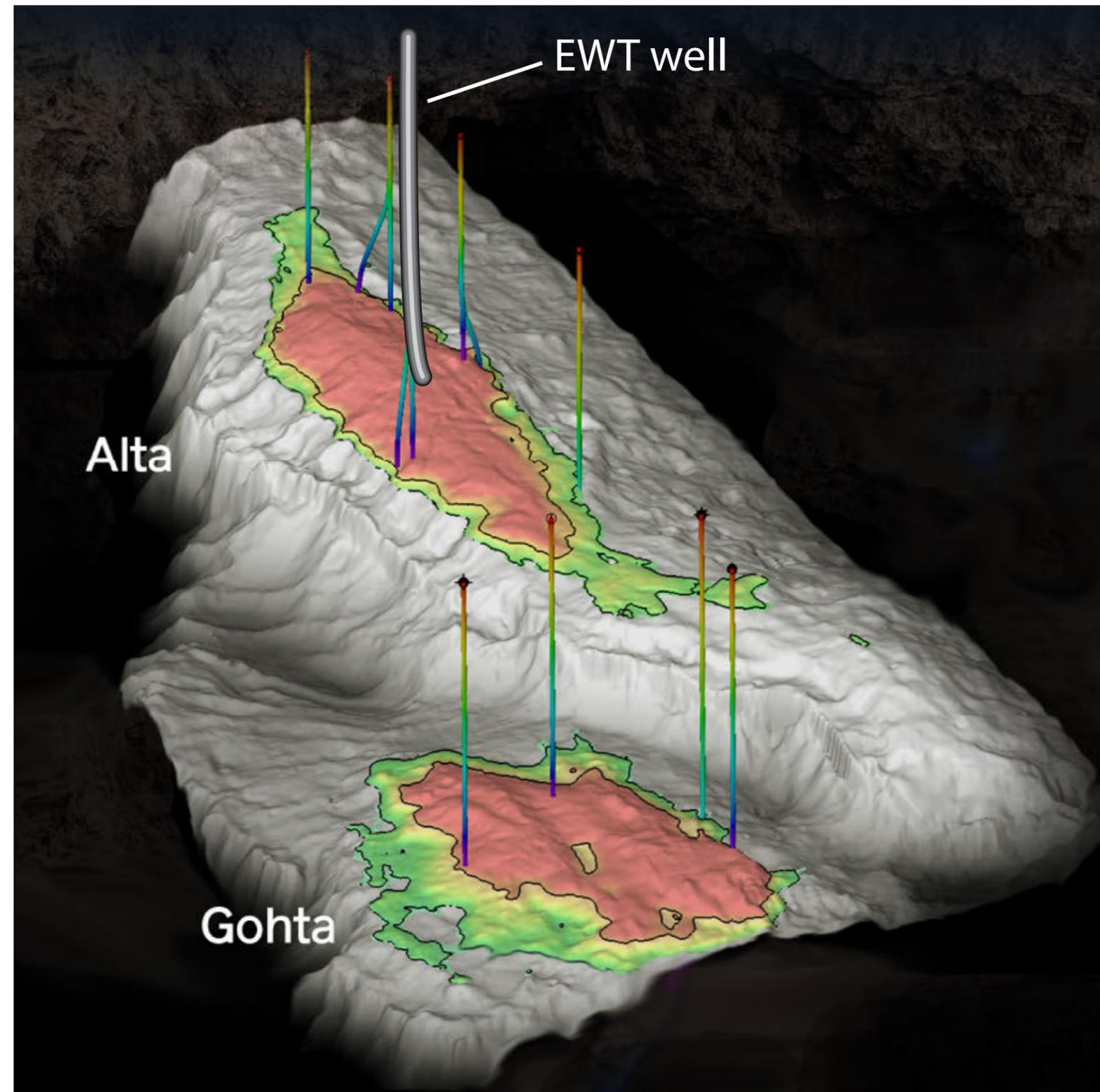


<sup>(1)</sup> Gross

# Alta

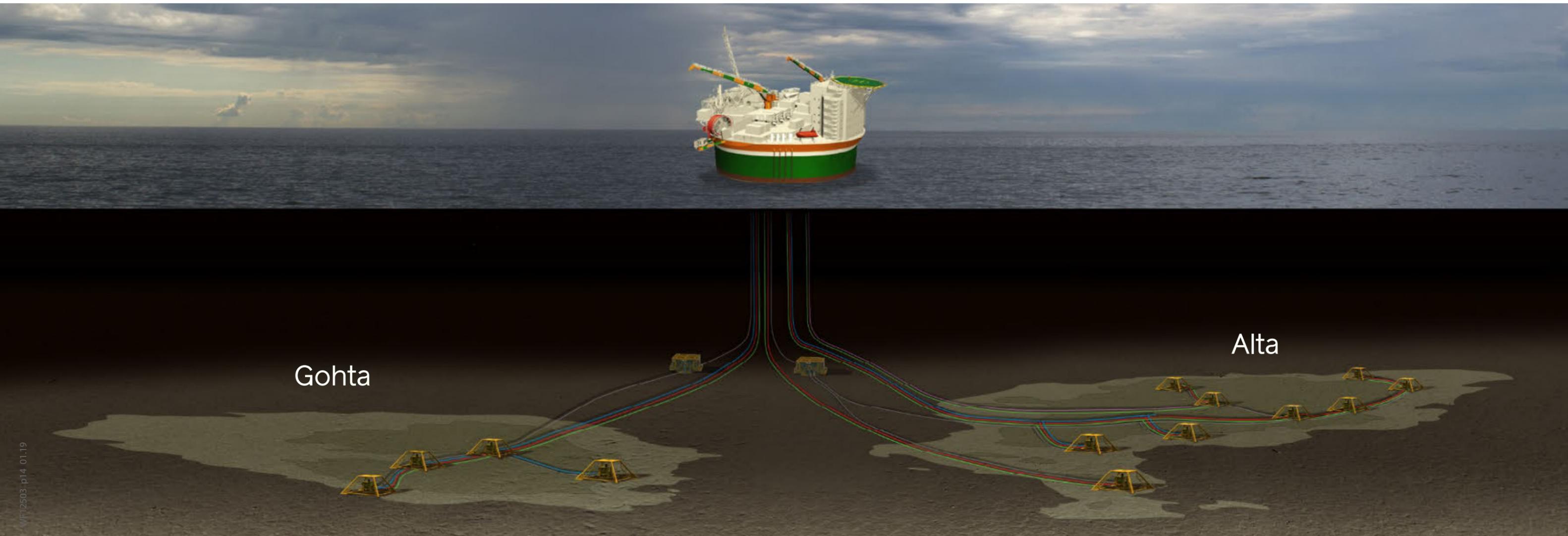
## Successful EWT Reduces Uncertainty

- Produced 18,000 bopd
  - ➔ Total volumes 660,000 bbls
  - ➔ Limited water/gas
- Excellent reservoir productivity
  - ➔ Large connected volume
  - ➔ No compartmentalisation
- Proves drilling horizontal well in karstified carbonates
- Updated resources and appraisal plan in 2019



# Alta/Gohta Development Options

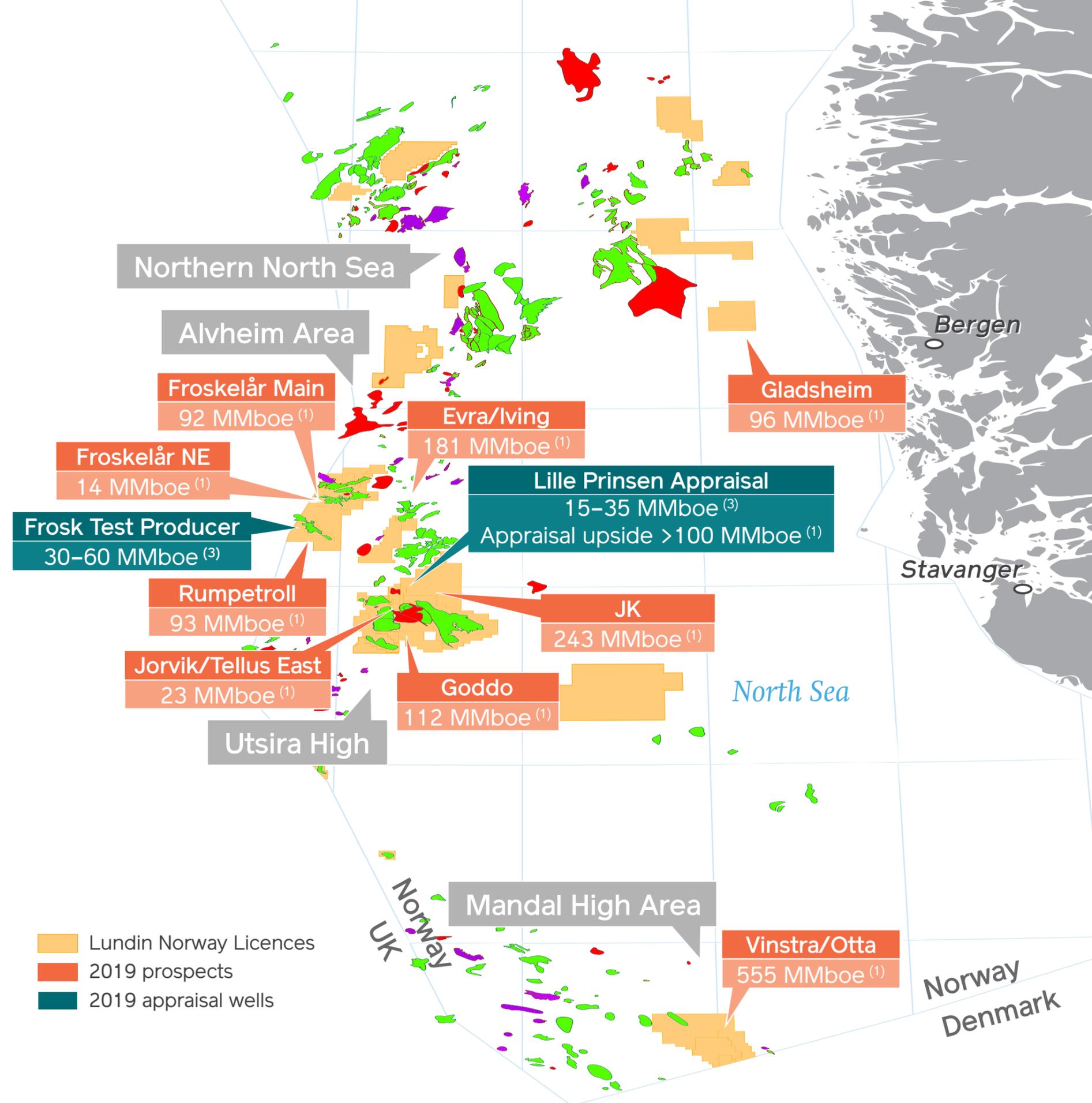
- Operating environment and cost basis similar to Norwegian Sea
- Development feasibility studies ongoing
  - Re-use/new build options
- New technology solutions



# North Sea Exploration Significant Potential

- Significant remaining prospectivity
  - ➔ 4.6 Bn boe yet to find <sup>(2)</sup>
- Continue to build position
- New exploration core area – Northern North Sea

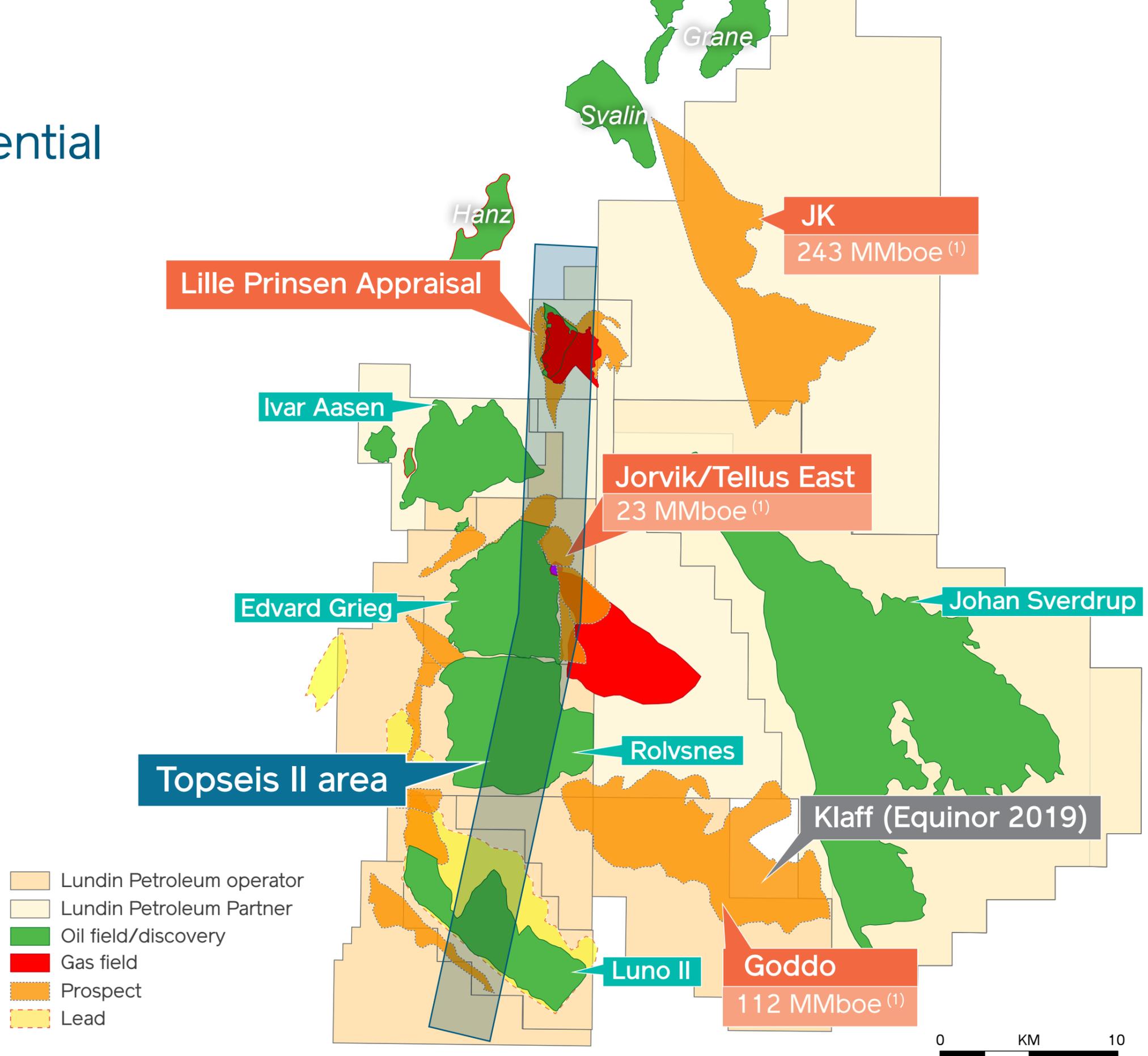
**11** E&A wells



<sup>(1)</sup> Lundin estimates of gross unrisks prospective resources  
<sup>(2)</sup> NPD estimates Jan 2018 - yet to find resources  
<sup>(3)</sup> Operator estimates of gross resources

# Utsira High Area Significant Remaining Potential

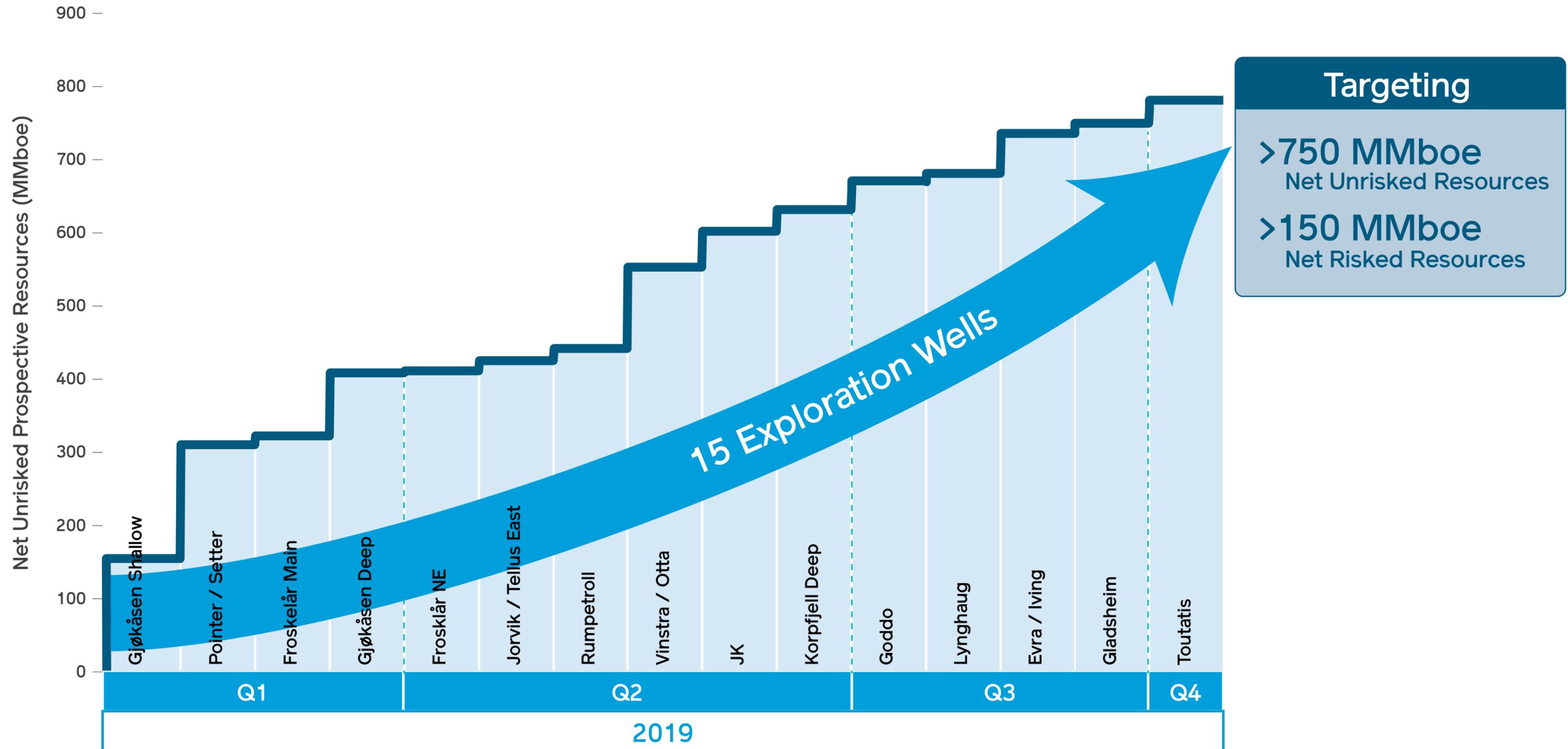
- 2019 E&A programme – 4 wells
  - Testing >400 MMboe<sup>(1)</sup>
- Lille Prinsen appraisal
  - 15–35 MMboe<sup>(1)</sup>
  - Appraisal upside >100 MMboe<sup>(2)</sup>
- 3 exploration wells
  - JK, Jorvik/Tellus East, Goddo
- Topseis II test (2018)



<sup>(1)</sup> Gross resources

<sup>(2)</sup> Lundin estimates of gross unrisks prospective resources

# Lundin Petroleum 2019 Prospective Resources



An aerial view of an offshore oil rig, the LEIF EIRIKSSON, in the middle of the ocean. The rig is a large, complex structure with a tall derrick and various platforms. A support vessel is visible in the distance to the left. The ocean is dark blue with white-capped waves. A network of blue lines with white dots at the intersections is overlaid on the image, connecting the text blocks.

Progressing resources  
to **reserves**

Pipeline of  
new **projects**

Significant  
**exploration** programme

Building and diversifying  
the **portfolio**

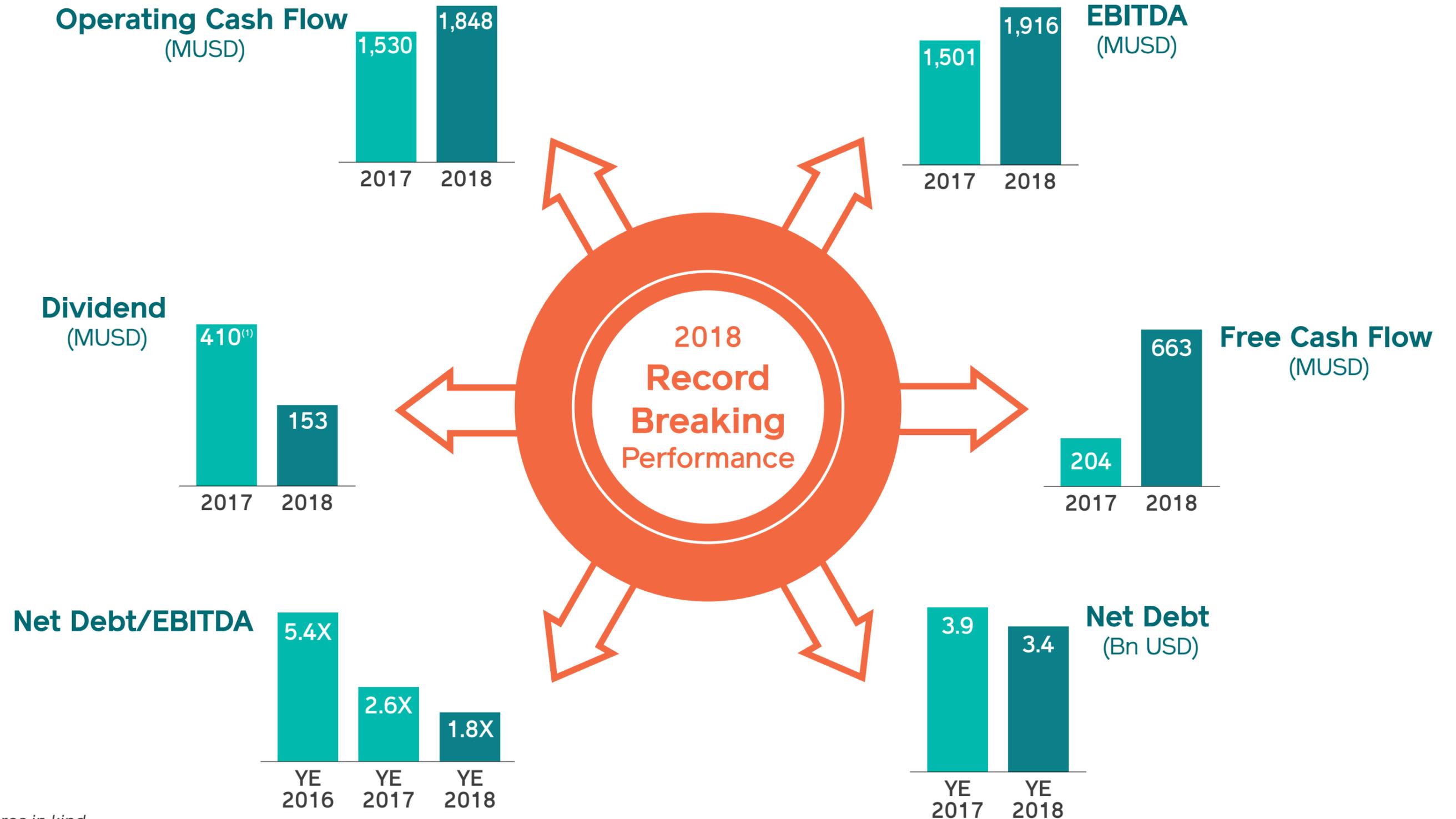
Delivering on our  
**Organic Growth  
Strategy**

# Financial strength

we can do it all



# Lundin Petroleum 2018 Financial Highlights



<sup>(1)</sup> IPC shares in kind

# Lundin Petroleum

## 2018 CMD Guidance vs Delivery

	CMD 2018 55 USD/bbl	2018 Actual 71 USD/bbl	
Production	78 Mboepd	81.1 Mboepd	✓
EBITDA	1.39 Bn USD	1.92 Bn USD	✓
Operating Cash flow	1.41 Bn USD	1.85 Bn USD	✓
Cash OPEX	4.15 USD/boe	3.66 USD/boe	✓
CAPEX and E&A Spend	1.05 Bn USD	1.01 Bn USD	✓

# Lundin Petroleum 2019 Highlights

**Dividends**  
**500** MUSD

**Operating  
Cash Flow**  
1.25-1.8 Bn USD <sup>(1)</sup>

**FCF  
Breakeven**  
~**55** USD/bbl <sup>(2)</sup>

**CAPEX  
E&A**  
**1.23** Bn USD

<sup>(1)</sup> BRENT price 45-75 USD/bbl

<sup>(2)</sup> Pre-dividends

Note: Based on mid point of production guidance

# 2019 Forecast

## Netback (USD/boe)

	Forecast 2019		
<i>Average Brent oil price USD/boe</i>	<b>45.00</b>	<b>60.00</b>	<b>75.00</b>
<b>Revenue</b>	43.96	57.64	71.33
Cash Operating Costs <sup>(1)</sup>	-4.25	-4.25	-4.25
Other	-0.15	-0.15	-0.15
<b>Cash Margin Netback</b>	<b>39.56</b>	<b>53.24</b>	<b>66.92</b>
General & Administration <sup>(2)</sup>	-0.87	-0.87	-0.87
<b>EBITDA Netback</b>	<b>38.69</b>	<b>52.37</b>	<b>66.05</b>

*Numbers may not add up due to rounding*

*All netback forecast for 2019 based on mid-point of 2019 production guidance 75–95 Mboepd*

<sup>(1)</sup> *Tariff income from Ivar Aasen netted*    <sup>(2)</sup> *Adjusted for depreciation*

*NOK/USD 8.00*

# 2019 Forecast

## Tax

	Forecast 2019		
<i>Average Brent oil price USD/boe</i>	45.00	60.00	75.00
Current Tax	0.92	-2.04	-9.20
Deferred Tax	-16.86	-24.53	-27.99
<b>Total Tax</b>	<b>-15.94</b>	<b>-26.57</b>	<b>-37.19</b>

*Numbers may not add up due to rounding*

<b>Current Tax due as % of EBITDA</b>	<b>Tax Credit</b>	<b>~4%</b>	<b>~14%</b>
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*Assumed tax rate of 42% on interest costs in Norway*

# 2019 Forecast

## Operating Cash Flow Netback (USD/boe)

	Forecast 2019		
<i>Average Brent oil price USD/boe</i>	45.00	60.00	75.00
Cash Margin Netback	39.56	53.24	66.92
Current Tax	0.92	-2.04	-9.20
<b>Operating Cash Flow Netback</b>	<b>40.48</b>	<b>51.20</b>	<b>57.72</b>

*Numbers may not add up due to rounding*

# 2019 Forecast

## Profit Netback (USD/boe)

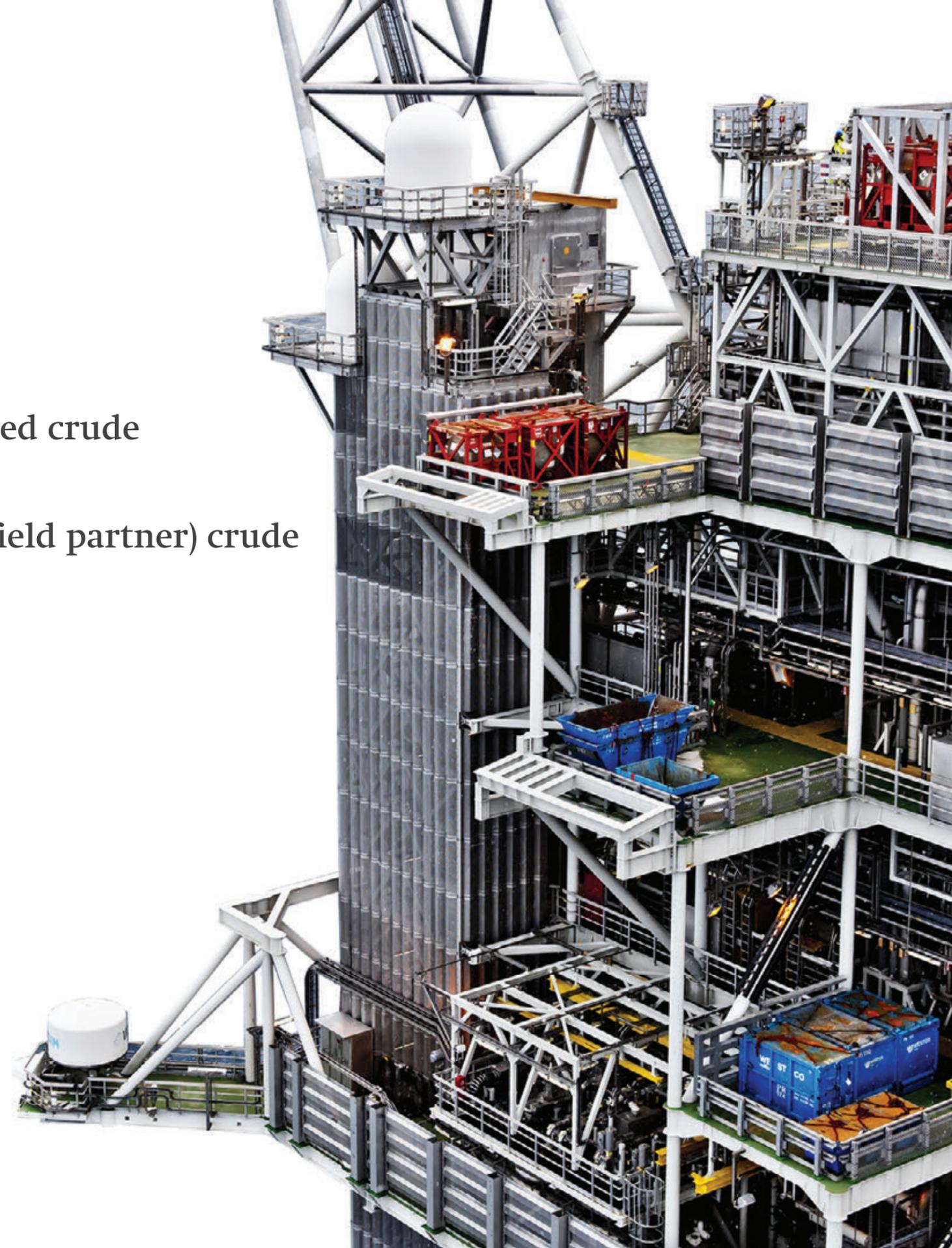
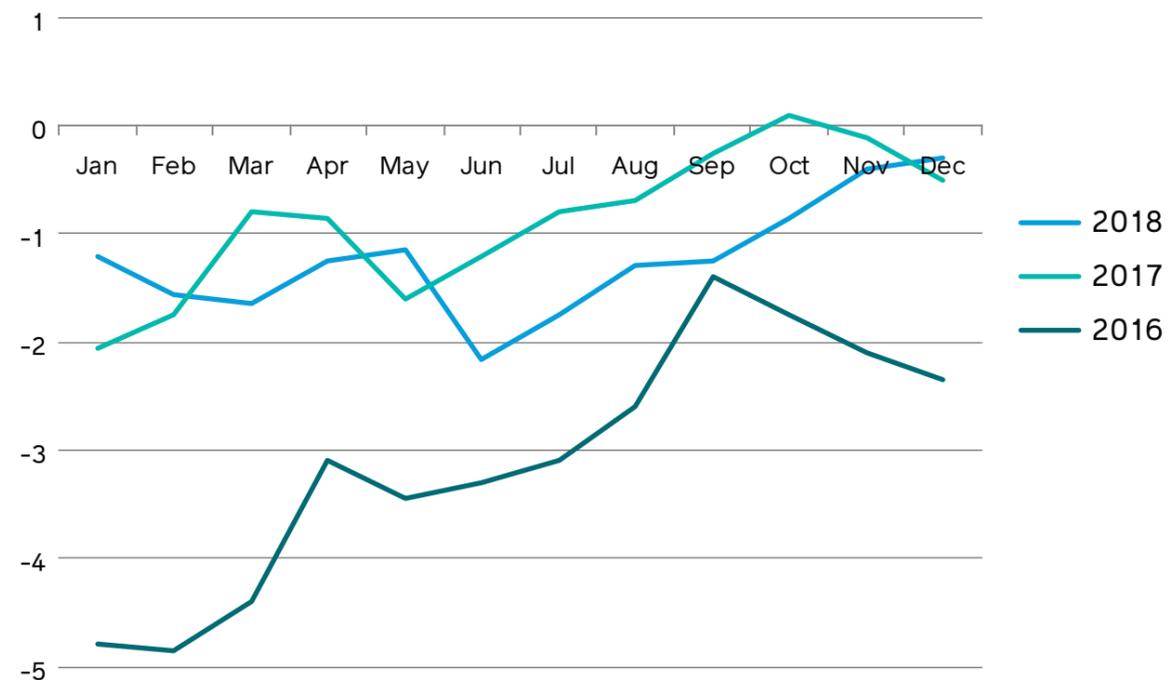
	Forecast 2019		
<i>Average Brent oil price USD/boe</i>	45.00	60.00	75.00
<b>Cash Margin Netback</b>	39.56	53.24	66.92
Depletion/Depreciation	-14.40	-14.40	-14.40
G&A	-0.98	-0.98	-0.98
Financial Items, net	-4.19	-4.00	-3.83
<b>Profit Before Tax</b>	<b>19.98</b>	<b>33.85</b>	<b>47.71</b>
Tax Charge	-15.94	-26.57	-37.19
<b>Profit After Tax</b>	<b>4.04</b>	<b>7.29</b>	<b>10.51</b>
<b>Tax Rate</b>	<b>80%</b>	<b>78%</b>	<b>78%</b>

*Numbers may not add up due to rounding*

# Lundin Petroleum Crude Oil Marketing

- ➔ Established crude oil marketing department in 2015
- ➔ Objective to maximise value of Lundin Petroleum's produced crude
- ➔ Marketing all of Lundin Petroleum's crude oil + 3<sup>rd</sup> party (field partner) crude
  - ➔ Grane Blend (Edvard Grieg and Ivar Aasen) - ~25% LUPE
  - ➔ Alvheim Blend (Alvheim, Volund and Boyla) - ~17% LUPE
  - ➔ Johan Sverdrup also to be marketed - ~23% LUPE

Grane Norm Price diff vs Dated Brent 2016-2018

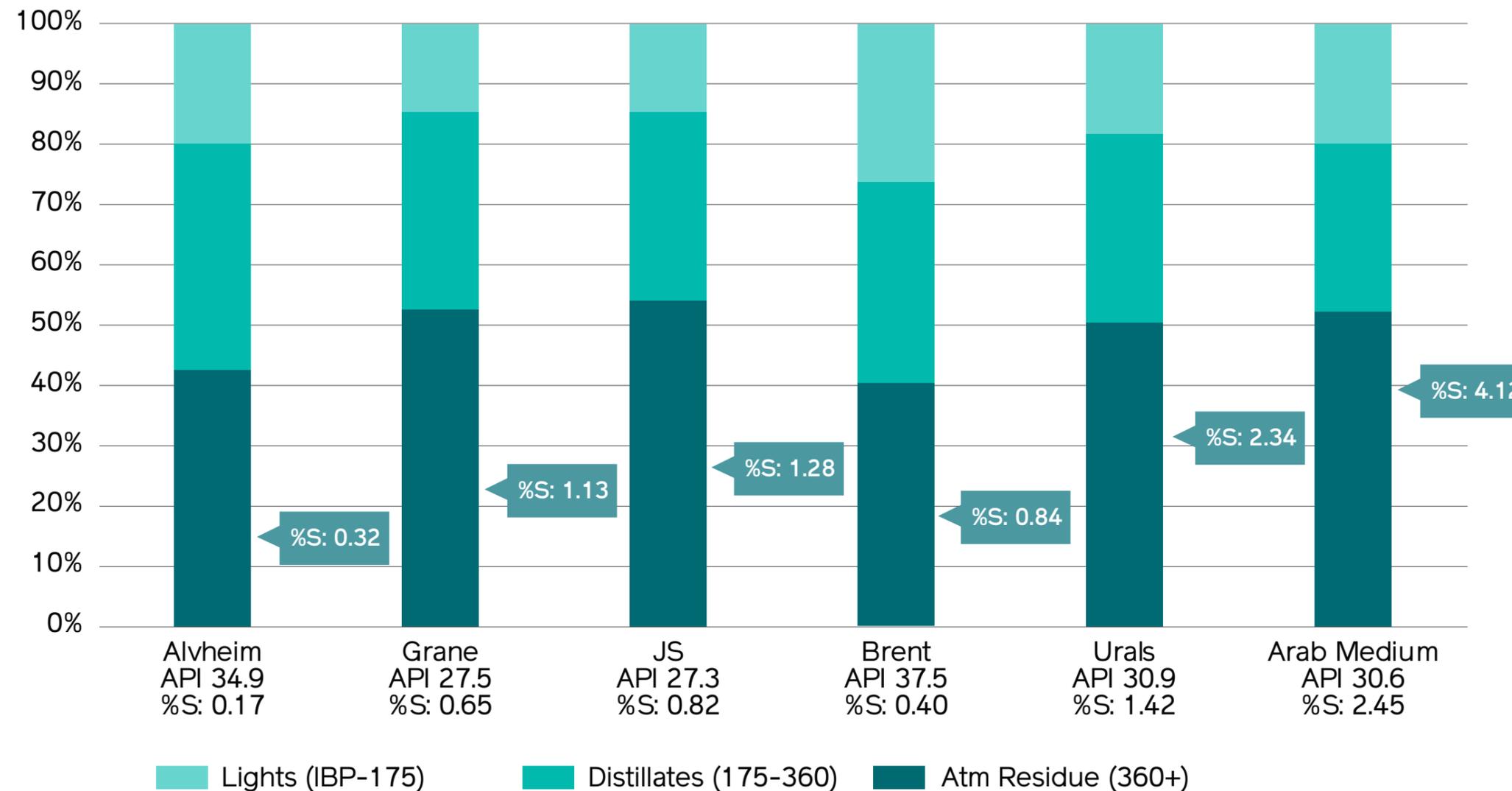


# Lundin Petroleum Crude Oil Marketing

E&A expenditure substantially discretionary

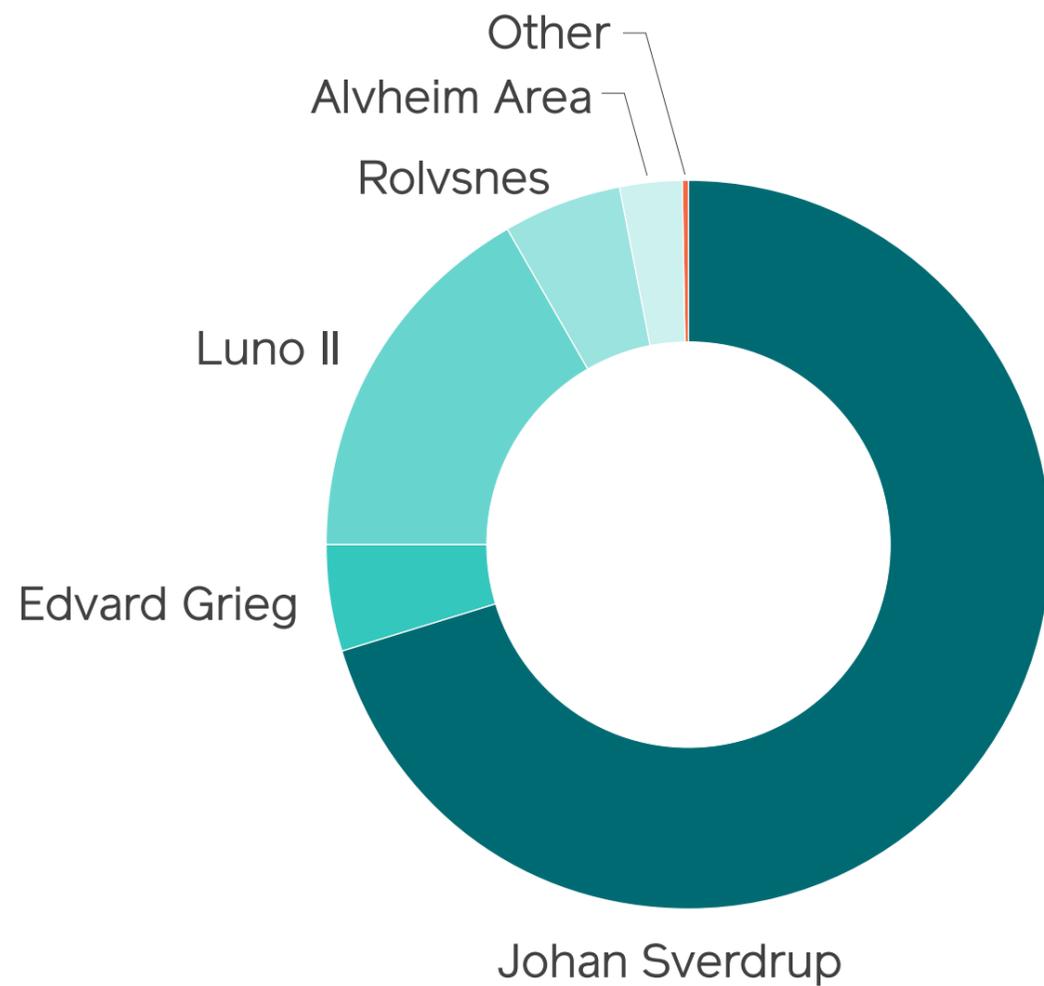
➔ Lundin Petroleum's crude blend well positioned for IMO 2020

Alvheim/Grane/JS crude yields comparison vs benchmark crudes



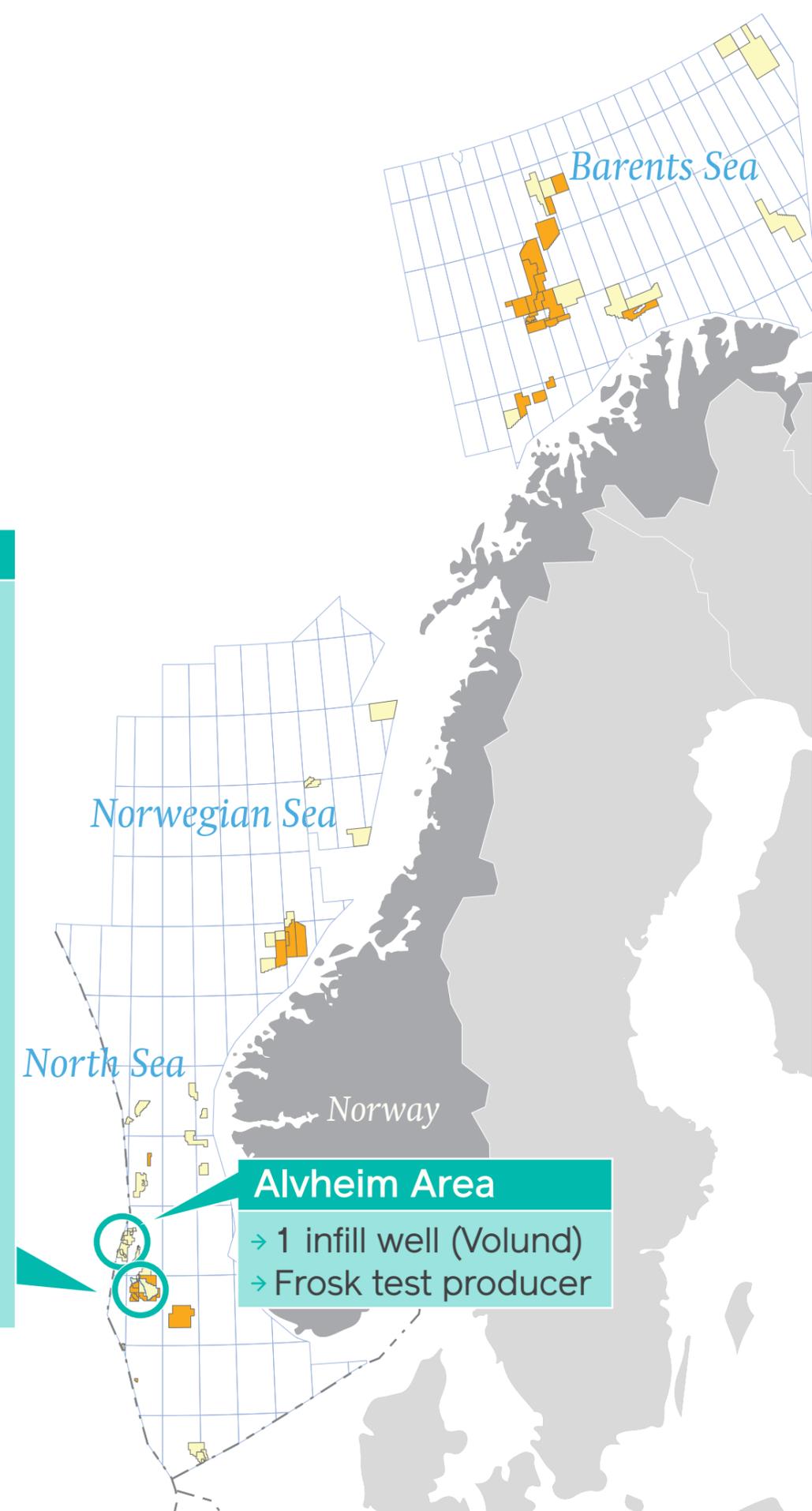
# Lundin Petroleum 2019 Development Activity

**2019 Budget 930 MUSD**



## Utsira High

- Johan Sverdrup Phase 1**  
Installation/hook-up  
Start-up  
Drilling
- Johan Sverdrup Phase 2**  
Facilities development
- Edvard Grieg**  
Power from shore  
Infill drilling
- Ivar Aasen**  
2 infill wells
- Luno II**  
Development
- Rolvsnes**  
EWT

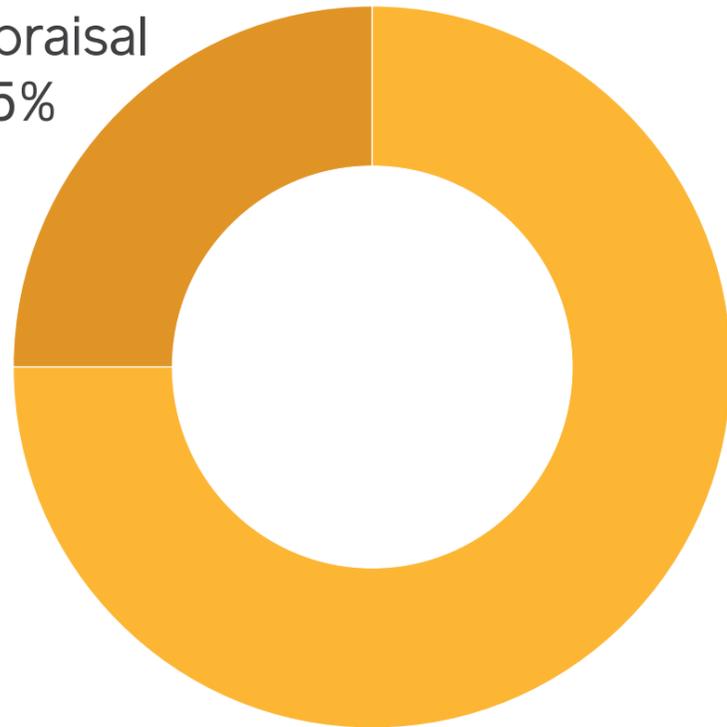


Note: Includes CAPEX associated with the additional 30% interest in Rolvsnes from Lime Petroleum

# Lundin Petroleum 2019 Exploration and Appraisal Activity

**2019 Budget 300 MUSD**

Appraisal  
~25%



Exploration  
~75%

**15 exploration wells**

**2 appraisal wells**

Note: Includes E&A associated with the additional 20% interest in Goddo from Lime Petroleum

## Southern Barents Sea

PL767 Pointer/Setter  
PL859 Korp fjell Deep  
PL857 Gjøkåsen Shallow  
PL857 Gjøkåsen Deep

PL609/492 Alta/Gohta appraisal

## Norwegian Sea

PL896 Toutatis  
PL758 Lynghaug

## Alvheim Area

PL869 Rumpetroll  
PL869 Froskelår Main  
PL869 Froskelår NE

## Utsira High

PL815 Goddo  
PL916 JK  
PL338 Jorvik/Tellus East  
PL820S Evra/Iring

PL167 Lille Prinsen appraisal

## Mandal High

PL539 Vinstra/Otta

## Northern North Sea

PL921 Gladshiem

Norway

Alvheim Area

Utsira High

Mandal High

Norwegian Sea

Frøya High

North Sea

Barents Sea

PL609/492

PL767

PL857

PL859

# 2019 Forecast

## Funding and Liquidity (USD/boe)

	Forecast 2019		
Average Brent oil price USD/boe	45.00	60.00	75.00
<b>Operating Cash Flow Netback</b>	<b>40.48</b>	<b>51.20</b>	<b>57.72</b>
Cash General & Administrative / Financial Items	-5.87	-5.68	-5.52
<b>Cash Flow Available for Investment and Dividends</b> <b>(A)</b>	<b>34.60</b>	<b>45.52</b>	<b>52.21</b>
Development Capex	-29.98	-29.98	-29.98
Exploration & Appraisal Capex	-9.67	-9.67	-9.67
Lime Acquisition <sup>(1)</sup>	-1.39	-1.39	-1.39
<b>Cash Flow from Investing Activities</b> <b>(B)</b>	<b>-41.03</b>	<b>-41.03</b>	<b>-41.03</b>
<b>Cash Flow available for Dividends</b> <b>(A) + (B)</b>	<b>-6.43</b>	<b>4.49</b>	<b>11.18</b>
Dividend 2018 <b>(C)</b>	-16.12	-16.12	-16.12
<b>Free Cash Flow after Dividends</b> <b>(A) + (B) + (C)</b>	<b>-22.54</b>	<b>-11.63</b>	<b>-4.94</b>
Available Liquidity at beginning of 2019	49.48	49.48	49.48
<b>Available Liquidity at end of 2019<sup>(2)</sup></b>	<b>26.93</b>	<b>37.85</b>	<b>44.54</b>

Development 930 MUSD and E&A 300 MUSD

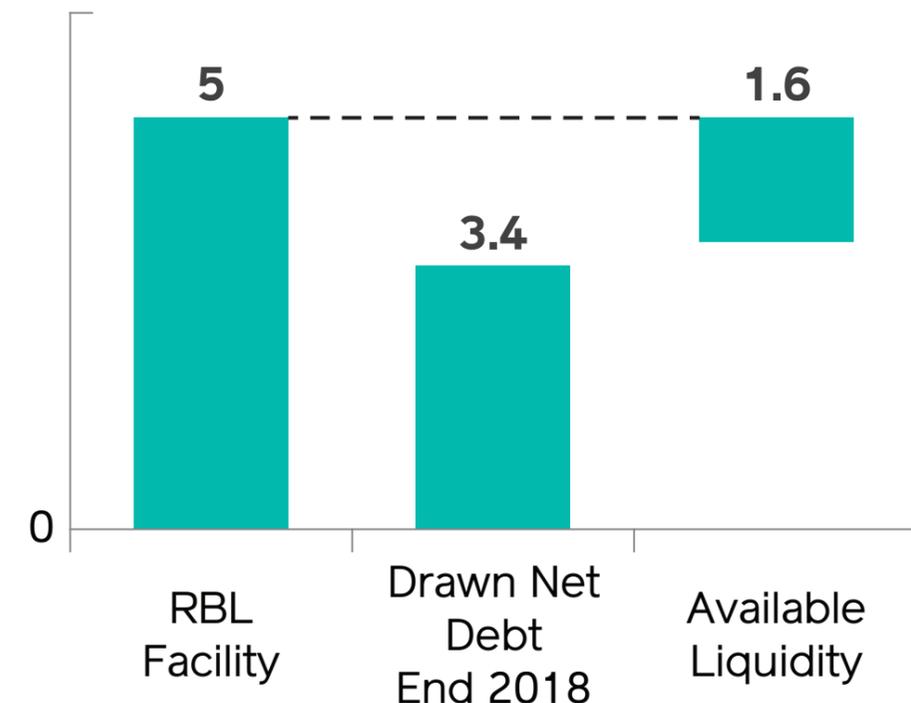
Numbers may not add up due to rounding

<sup>(1)</sup> Post-tax excludes contingent payment <sup>(2)</sup> Excludes working capital movement

# Lundin Petroleum Bank Debt

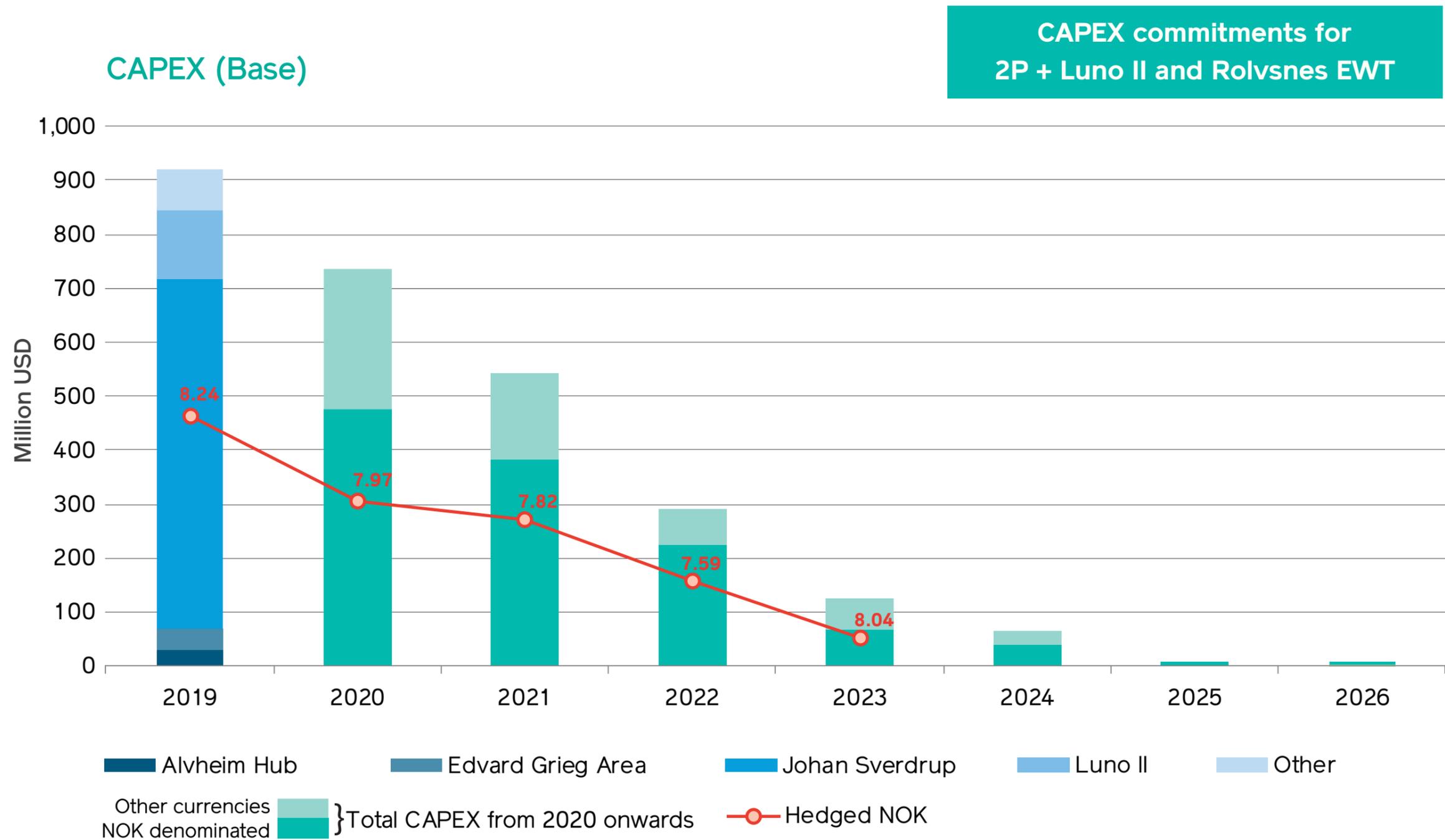
- **USD 5 billion** RBL credit facility with **27** Banks
- Borrowing Capacity comfortably above the **USD 5 billion** credit limit
- No amortizing until **mid-2020** with expiry at end 2022
- Margin between 200 – 250 bps; currently paying **225 bps**
- Available Liquidity of **USD 1.6 billion**

Net Debt and Liquidity (Bn USD)



# Lundin Petroleum CAPEX

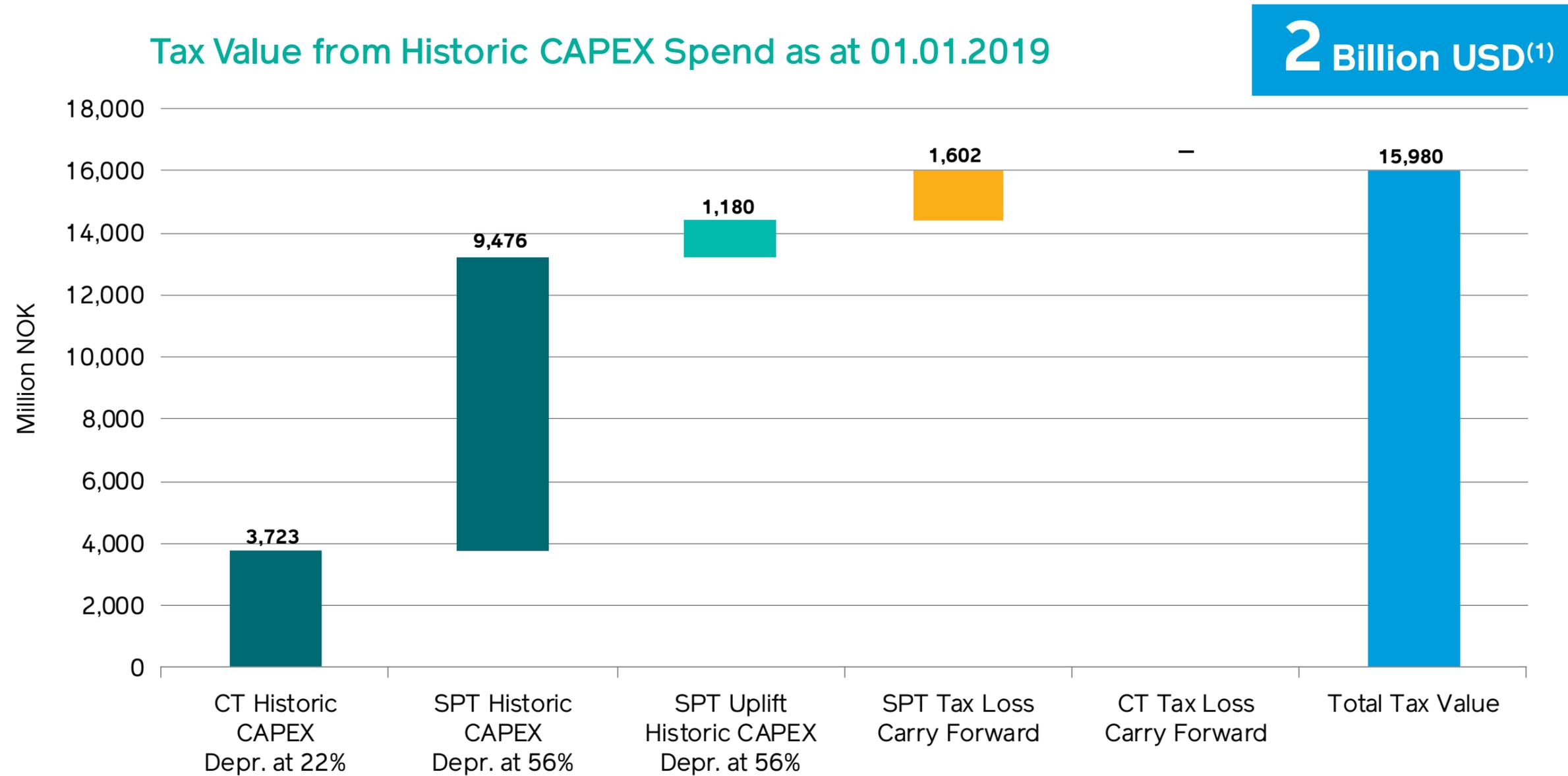
Total  
2020-2026



Nominal with 2% inflation

8 NOK/USD

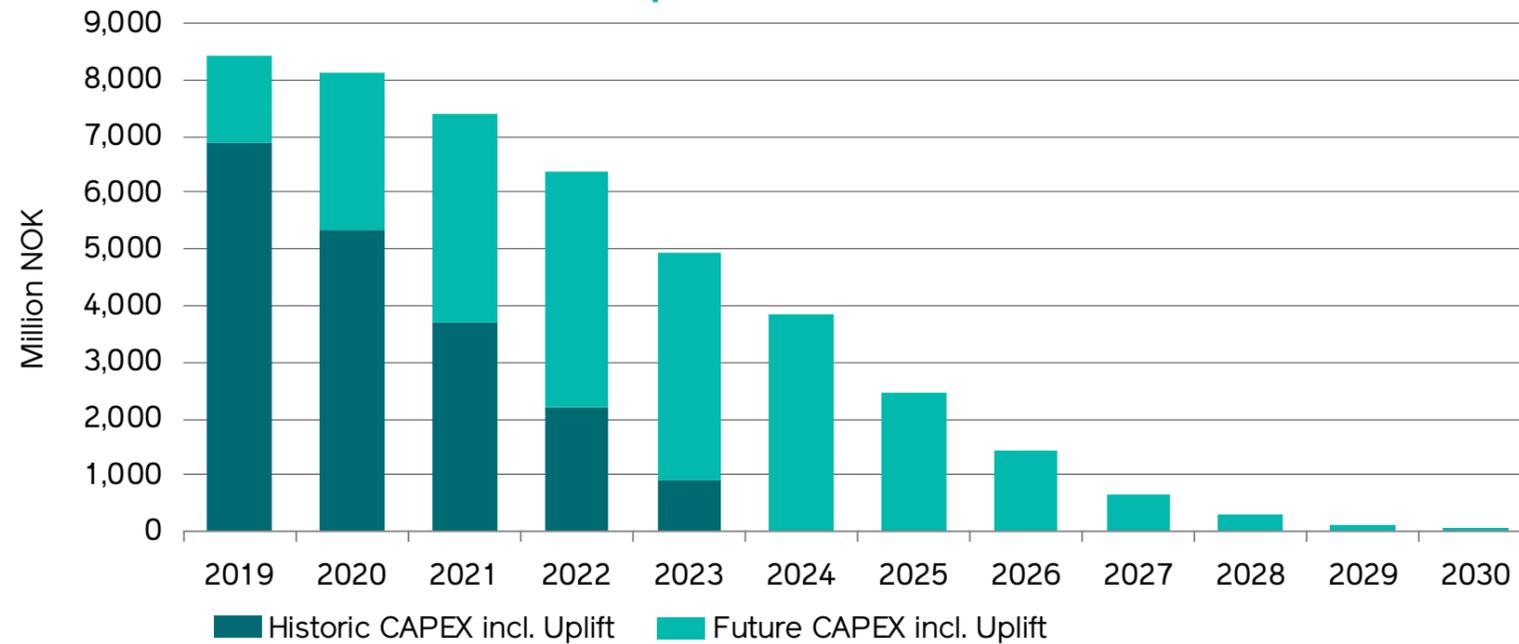
# Lundin Petroleum Tax Value



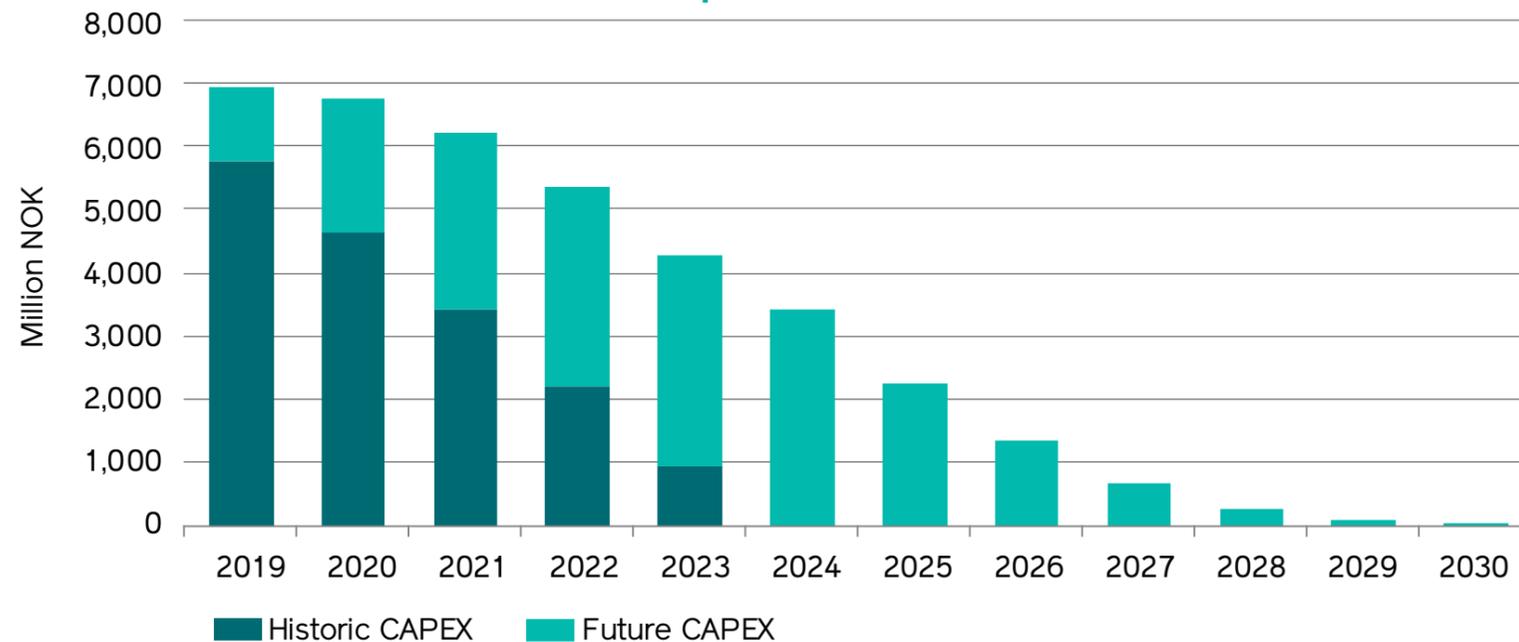
<sup>(1)</sup> 8 NOK/USD

# Lundin Petroleum Tax Depreciation

## Special Petroleum Tax



## Corporation Tax



Brent price at 60 USD/bbl	2019	2020-22	2023-26
Cash Tax Due as % EBITDA	~4%	~45-55%	~60-65%

# Lundin Petroleum Abandonment Spending

## ➤ New facilities

- Low maintenance Capex
- Low Opex
- Low near term Abex

### Age of facilities (years) <sup>(1)</sup>



NCS  
Average



Lundin  
Average

### Time to abandonment (years) <sup>(1)</sup>



NCS  
Average



Lundin  
Average

Low  
Abandonment  
Cost

Abandonment expenditure up to 2026

~80 MUSD<sup>(2)</sup>

Mainly relates to Brynhild and Gaupe

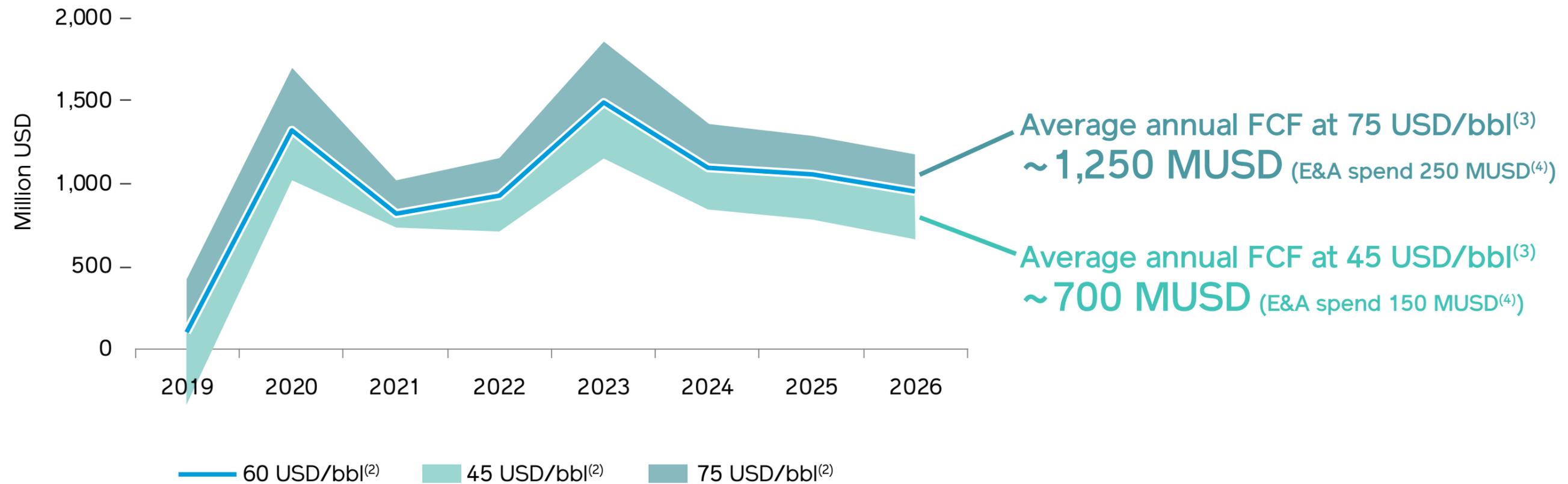
<sup>(1)</sup> Relates to surface facilities currently in service. Data from NPD Wood Mackenzie and Lundin Petroleum

<sup>(2)</sup> Nominal with 2% inflation

# Lundin Petroleum Free Cash Flow

Brent <sup>(2)</sup>	Average Annual FCF	E&A spend per annum <sup>(4)</sup>
60 USD/bbl <sup>(3)</sup>	~1 Billion USD	250 MUSD

FCF (Pre-Dividend) <sup>(1)</sup>



<sup>(1)</sup> Free Cash Flow before dividends and excluding working capital movement, except for cash taxes (50/50 in year N and N+1)

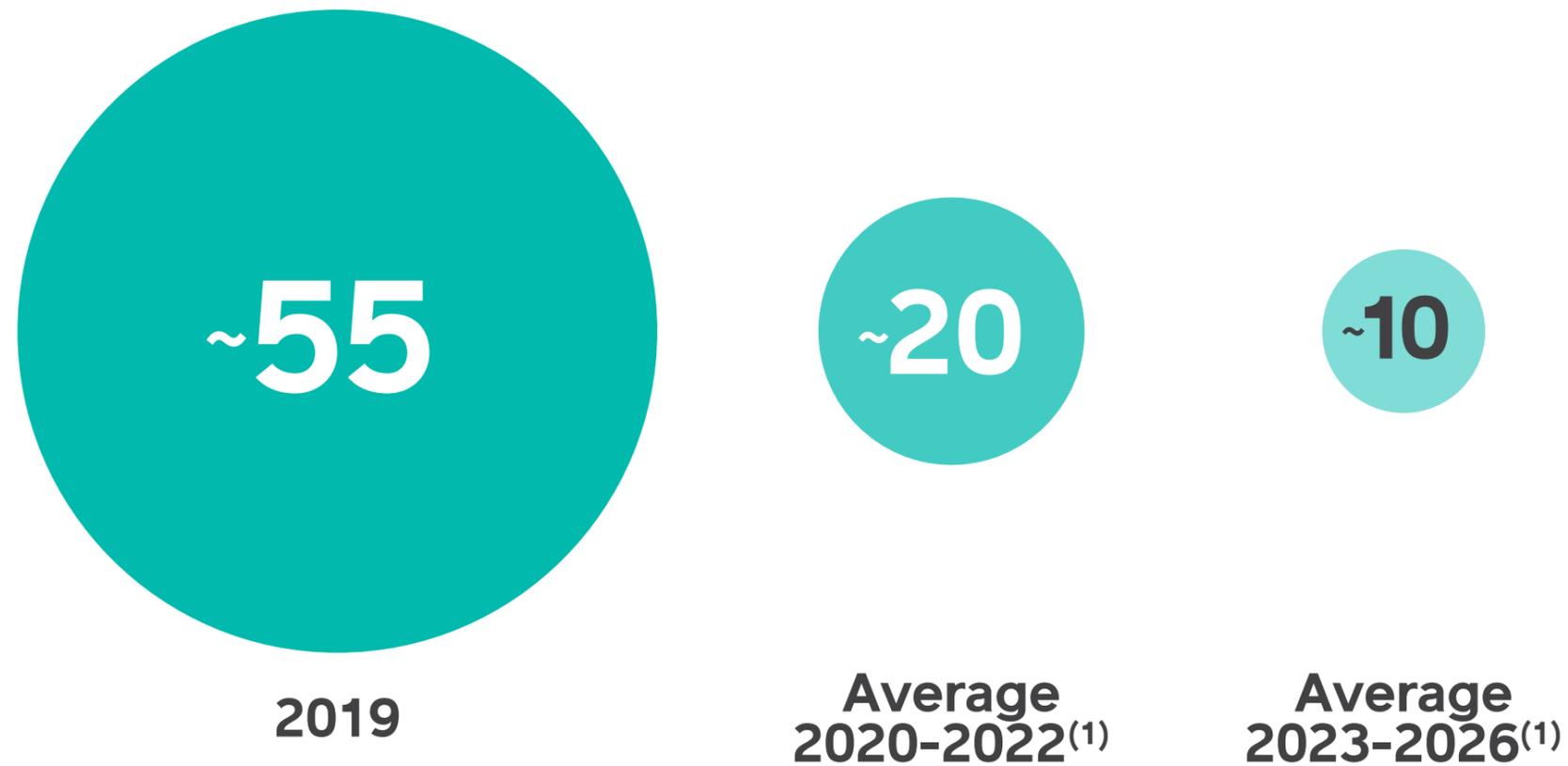
<sup>(2)</sup> Brent 2019 with 2% inflation per annum

<sup>(3)</sup> 2P Reserves + Luno II + Rolvsnes EWT

<sup>(4)</sup> Except for 2019 when E&A spend is MUSD 300

# Lundin Petroleum FCF Breakeven

FCF (Pre-Dividend) Breakeven (USD/bbl)



<sup>(1)</sup> Assumes E&A spend of 250 MUSD per annum

# Lundin Petroleum

## Long-term Financial Outlook<sup>(1)</sup>

2P Reserves + Luno II + Rolvsnes EWT

Average annual FCF  
~ 1 Bn USD<sup>(2)</sup>

Sustainable dividends of  
500 MUSD  
to grow over time

FCF Breakeven  
**10-20** USD/bbl

Net debt / EBITDA<sup>(2)</sup>  
End 2019: ~2.3x  
2020 onwards: <1x

<sup>(1)</sup> Up to and including 2026    <sup>(2)</sup> Brent price at 60 USD/bbl and 250 MUSD of E&A spend per annum

# Dividends

material and sustainable

# Lundin Petroleum

## Updated Dividend Policy

➤ 2019 AGM proposal to pay a dividend of **MUSD 500** for financial year 2018

### ➤ Dividend Policy

- Dividend to be paid quarterly and denominated in USD
- Maintain or increase dividends over time in line with the Company's financial performance
- Dividend to be sustainable at a Brent price below 50 USD/bbl, in context of
  - Affording the Company to continue its organic growth led strategy
  - Affording the Company to continue progressing contingent resources into reserves and production
  - Gradually deleveraging debt and retaining an appropriate liquidity position

# Concluding remarks

Q&A

# Lundin Petroleum in 2019

Production

**75–95** Mboepd

Sustained Low OPEX

**4.25** USD/boe

Johan Sverdrup

**first oil** Nov 2019

**4** Project Sanctions

Luno II, Rolvsnes EWT,  
Edvard Grieg infills, Frosk

Organic Growth

**2** appraisal wells

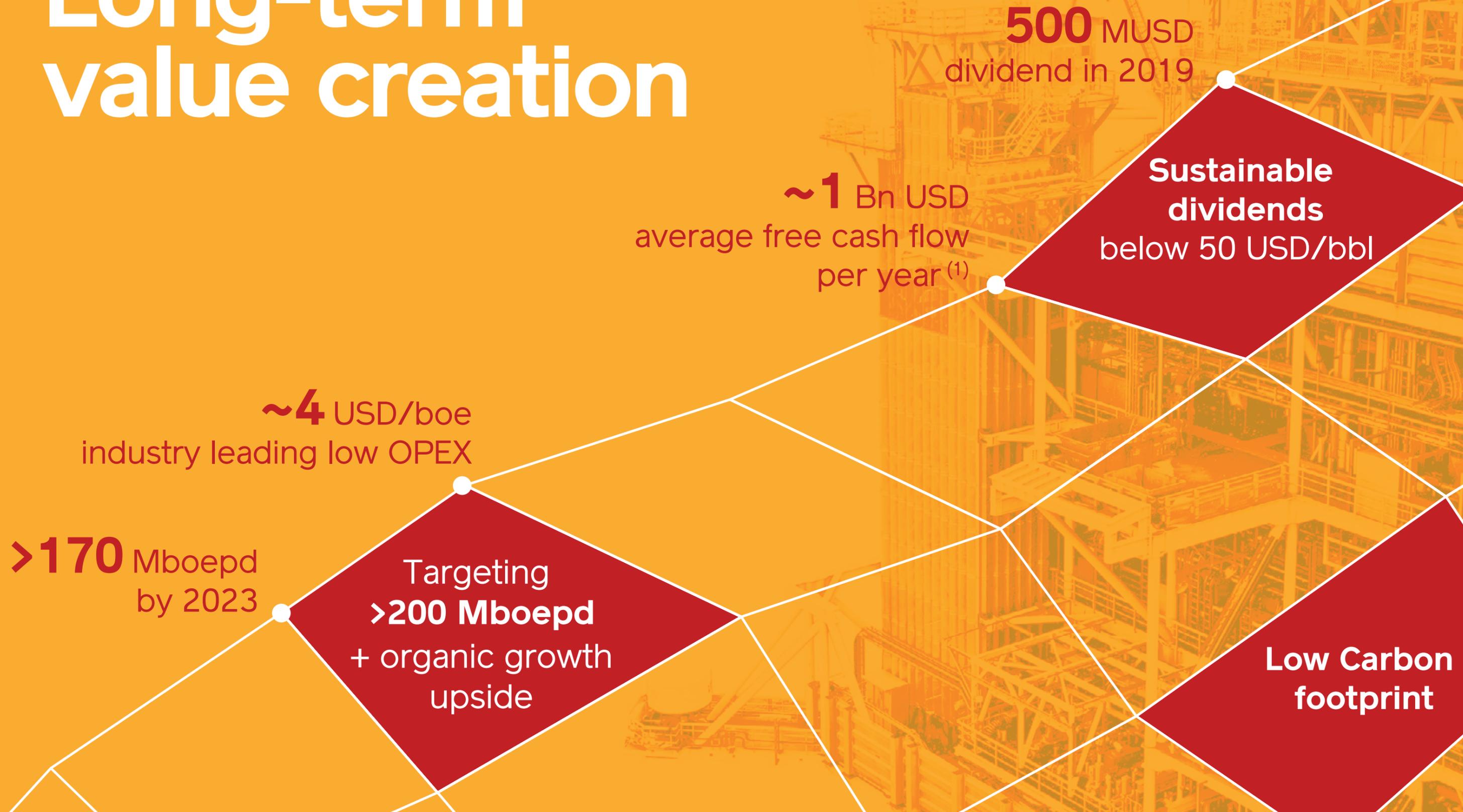
**15** exploration wells  
targeting >750 MMboe <sup>(1)</sup>

Dividends

Proposed **500** MUSD  
Sustainable below 50 USD/boe

(1) Net unrisksed resources

# Long-term value creation



<sup>(1)</sup> From 2019–2026 at 60 USD/bbl

# Disclaimer

## Forward-Looking Statements

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable securities legislation). Such statements and information (together, "forward-looking statements") relate to future events, including the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and/or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities. Ultimate recovery of reserves or resources are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations and assumptions will prove to be correct and such forward-looking statements should not be relied upon. These statements speak only as on the date of the information and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, operational risks (including exploration and development risks), production costs, availability of drilling equipment, reliance on key personnel, reserve estimates, health, safety and environmental issues, legal risks and regulatory changes, competition, geopolitical risk, and financial risks. These risks and uncertainties are described in more detail under the heading "Risks and Risk Management" and elsewhere in the Company's annual report. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. Actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements are expressly qualified by this cautionary statement.

# Lundin

Petroleum



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