

# Operations & Financial Update

## First Quarter 2018



Alex Schneider, President & CEO  
Teitur Poulsen, CFO  
2 May 2018





# First Three Months 2018

## Highlights

### Strong Production

- Q1 production 83.1 Mboepd
- 4% above mid-point and top of the guidance range

### Low Operating Costs

- Record low operating costs 3.82 USD/boe
- 7% below guidance

### Strong Financial Performance

- Generated free cash flow of ~170 MUSD

### Dividend Payment

- Proposed dividend of SEK 4 per share
- Intent to pay at least 350 MUSD cash dividend next year

### Edvard Grieg Operations

- Continued strong reservoir and facilities performance

### Johan Sverdrup Progress

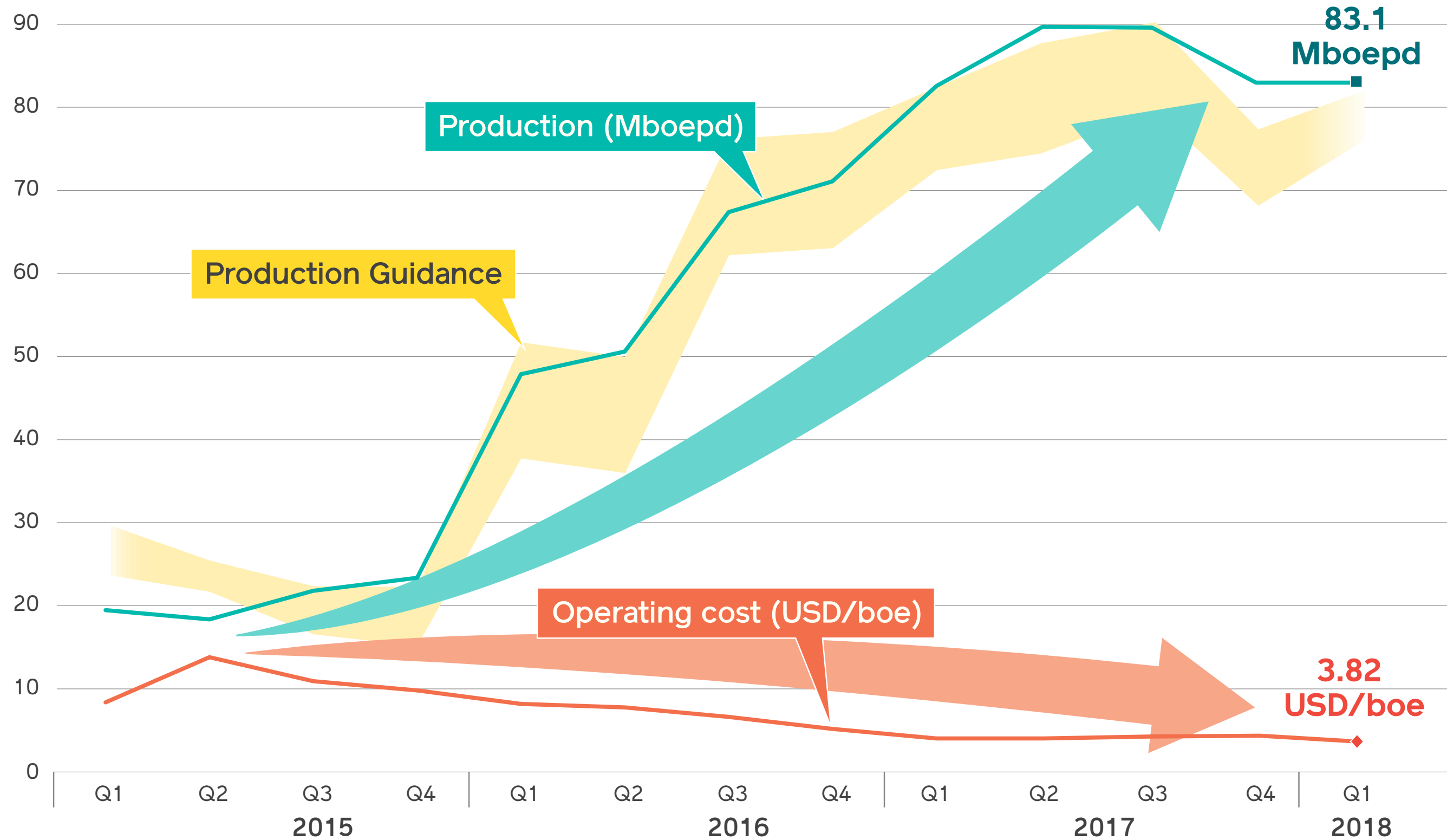
- Phase 1 ~70% complete – first oil late 2019
- Phase 1 costs further reduced, resource range further increased
- Key Phase 2 contracts awarded

### Growth Opportunities

- Luno II appraisal well success, increased resource range 40 – 100 MMboe (WI 50%)
- Rolvsnes appraisal and Alta EWT wells ongoing
- Updated exploration programme – 10 wells targeting ~600 MMboe net unrisked resources

# Lundin Petroleum

## Production vs Operating Costs

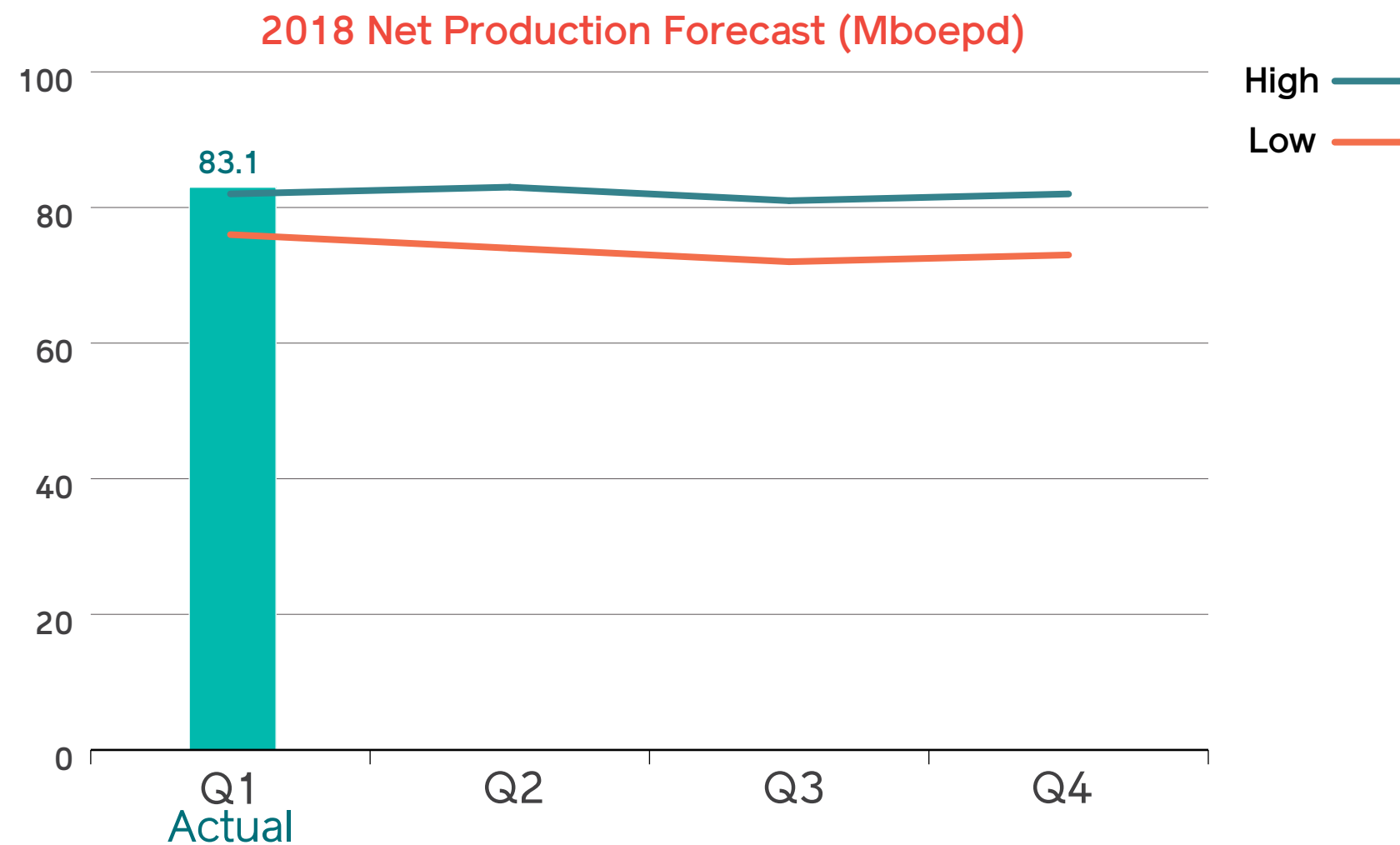


Excludes international assets

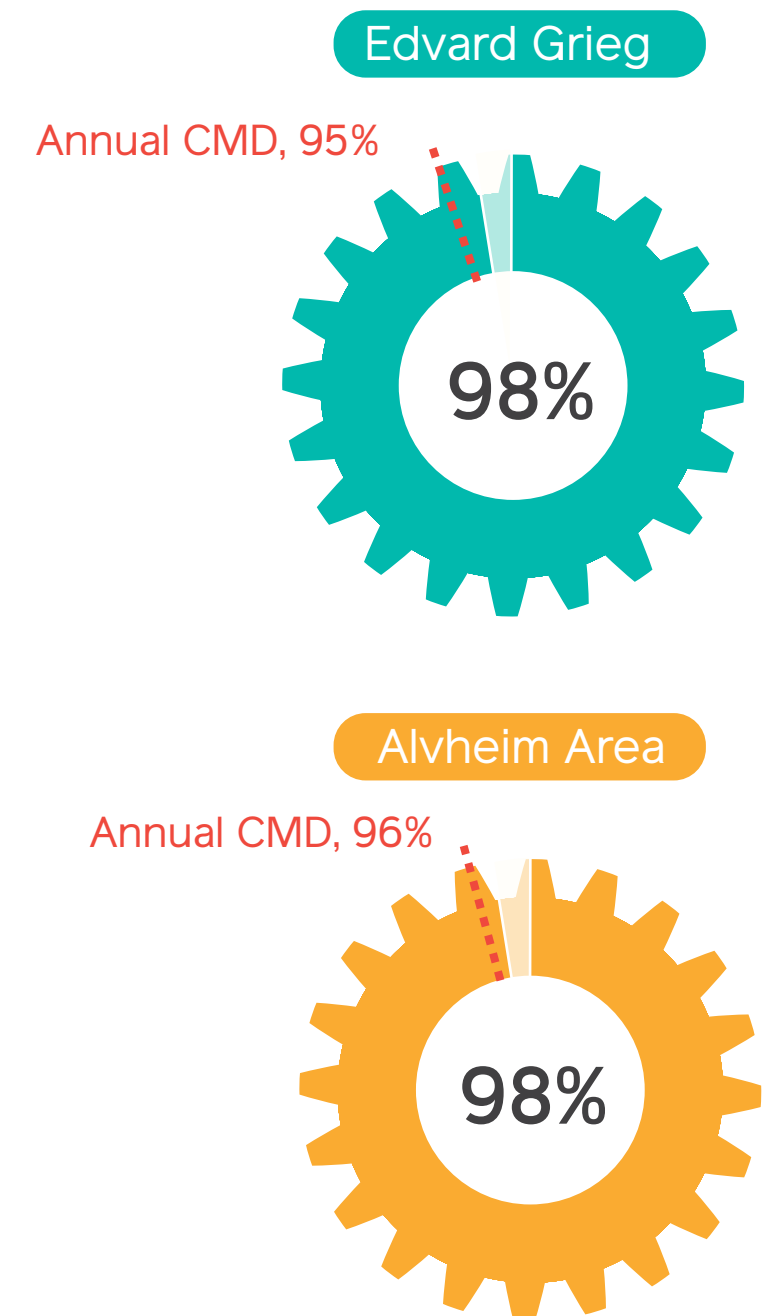
# Lundin Petroleum

## 2018 Production

- Q1 2018 production of 83.1 Mboepd
  - ➔ 4% above mid-point and top of guidance range
  - ➔ Underpinned by strong facilities and reservoir performance
- 2018 production guidance: 74–82 Mboepd



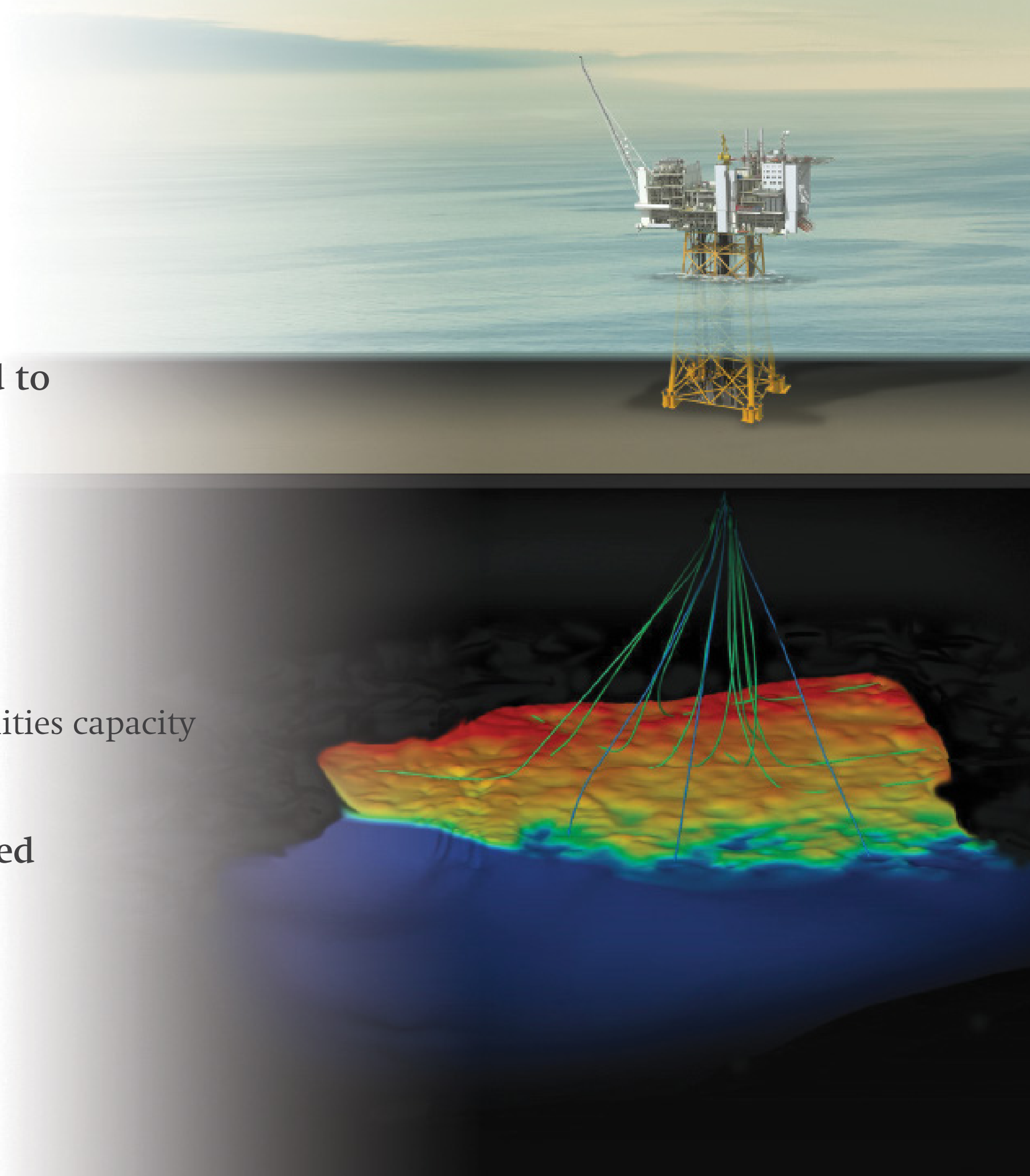
### 2018 Production Efficiency (%)



# Edvard Grieg Update

- Q1 2018 operating costs 3.59 USD/boe<sup>(1)</sup>
- Best estimate ultimate gross recovery increased to 274 MMboe – 47% increase from original PDO
- 13 of the 14 PDO planned wells completed
  - 9 producers and 4 water injectors
  - Rig to de-mobilise end June 2018
- Continued strong reservoir performance
  - Well production capacity significantly exceeds facilities capacity
  - No material water production
- Potential infill drilling campaign being evaluated

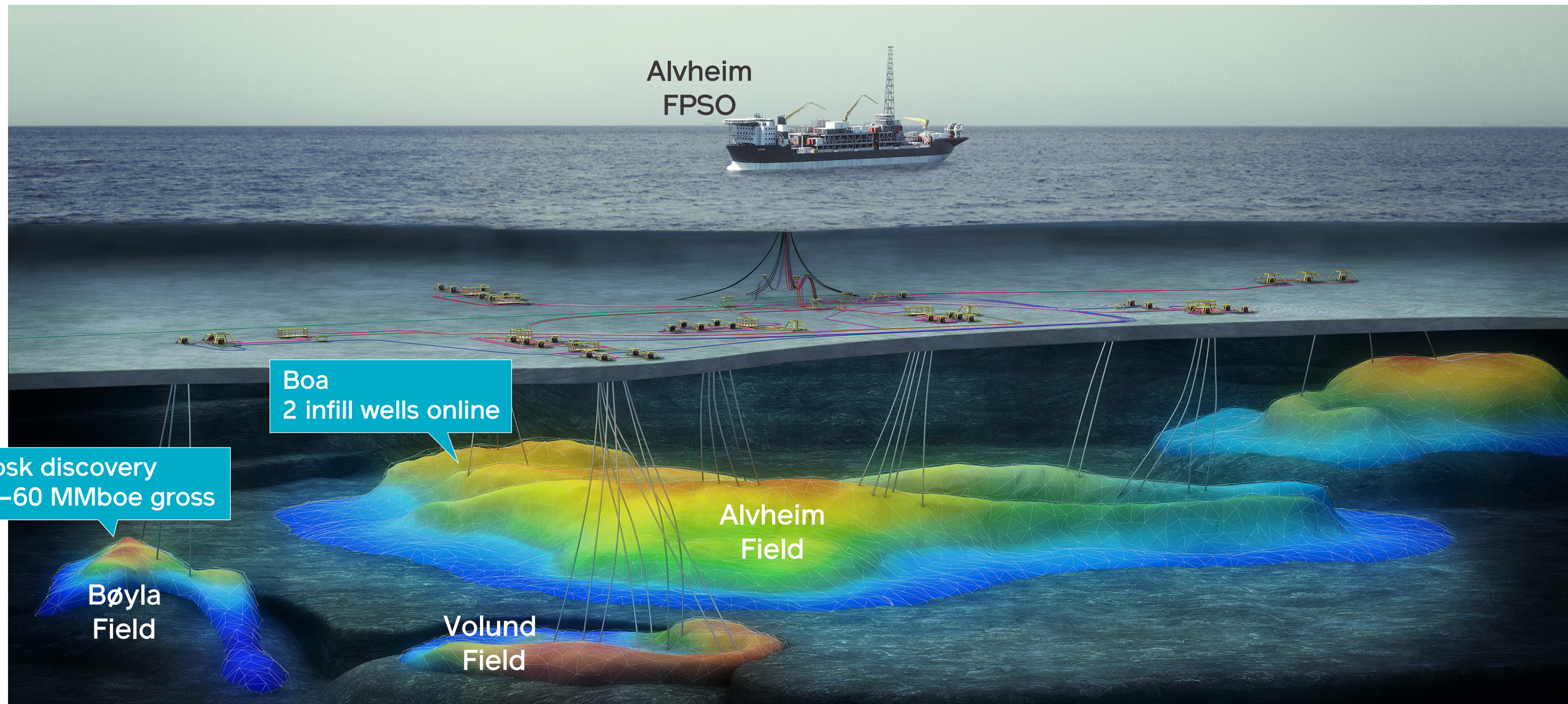
(1) includes tariff netting





# Alvheim Area Update

- ➔ Q1 2018 production exceeds expectations
- ➔ Q1 2018 operating costs 4.22 USD/boe
- ➔ 2 Boa infill wells hooked-up and online Q1 2018
- ➔ 2 further infill wells planned during 2018
- ➔ Frosk exploration success Q1 2018





# Johan Sverdrup Phase 1 Update

PROJECT SCHEDULE	COST REDUCTION	RESOURCE INCREASE	PRE-DRILLED WELLS	KEY DATE
~70% complete	Capex reduced to <b>88</b> Bn NOK <sup>(1)</sup>	<b>2.1–3.1</b> billion boe	Drilling ahead of schedule <b>8</b> producers <b>10</b> water injectors	<b>First oil</b> late 2019

## Working Interest – Johan Sverdrup Unit

Statoil	40.0267%
Lundin	22.6000%
Petoro	17.3600%
Aker BP	11.5733%
Maersk	8.4400%



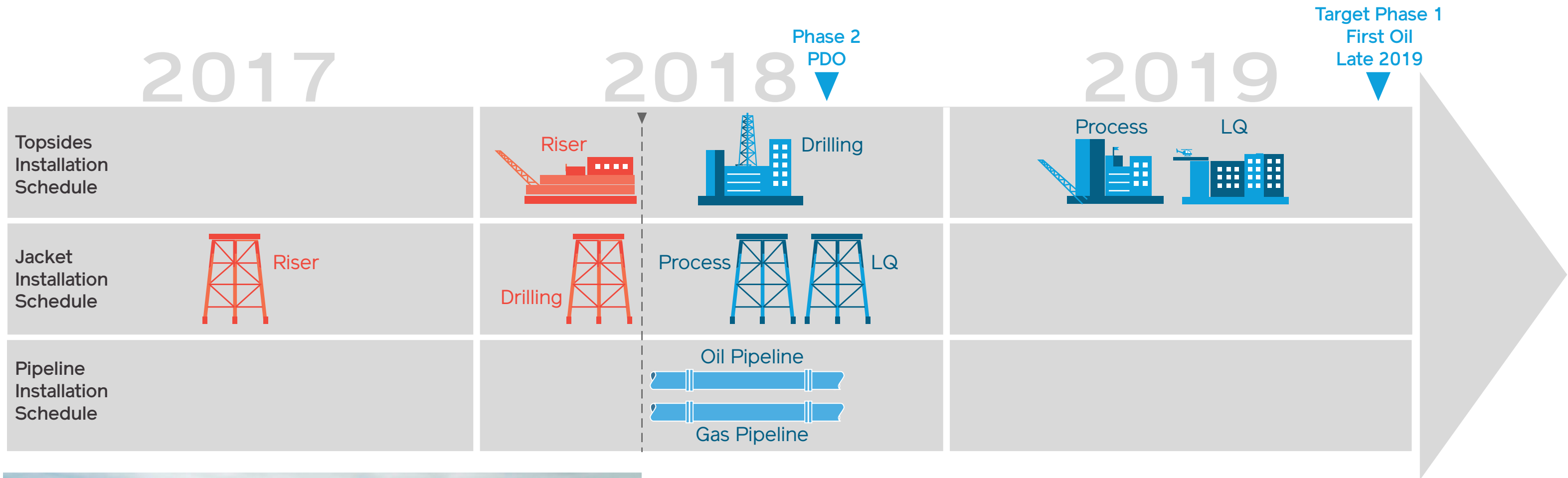
WF12437 Q1 p06 04.18

<sup>(1)</sup> Nominal, FX assumption USD:NOK 6.00



# Johan Sverdrup

## Phase 1 - Key Milestones Being Delivered on Schedule



■ Installation completed



# Johan Sverdrup Phase 2 Update

## FEED COMPLETED

**Key contracts**  
awarded

## COSTS

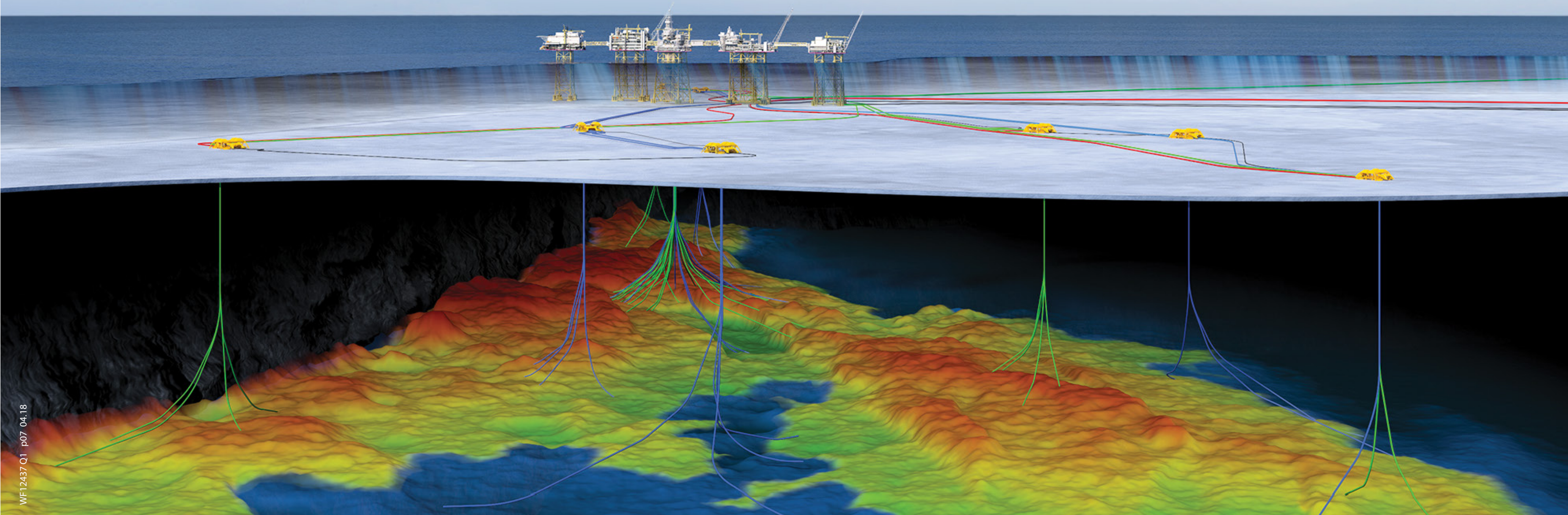
**~50%** reduction  
from Phase 1 PDO

## BREAK EVEN PRICE

Full Field  
**<20** USD/boe

## KEY DATES

Phase 2 PDO -  
before September 2018  
**First oil** - 2022

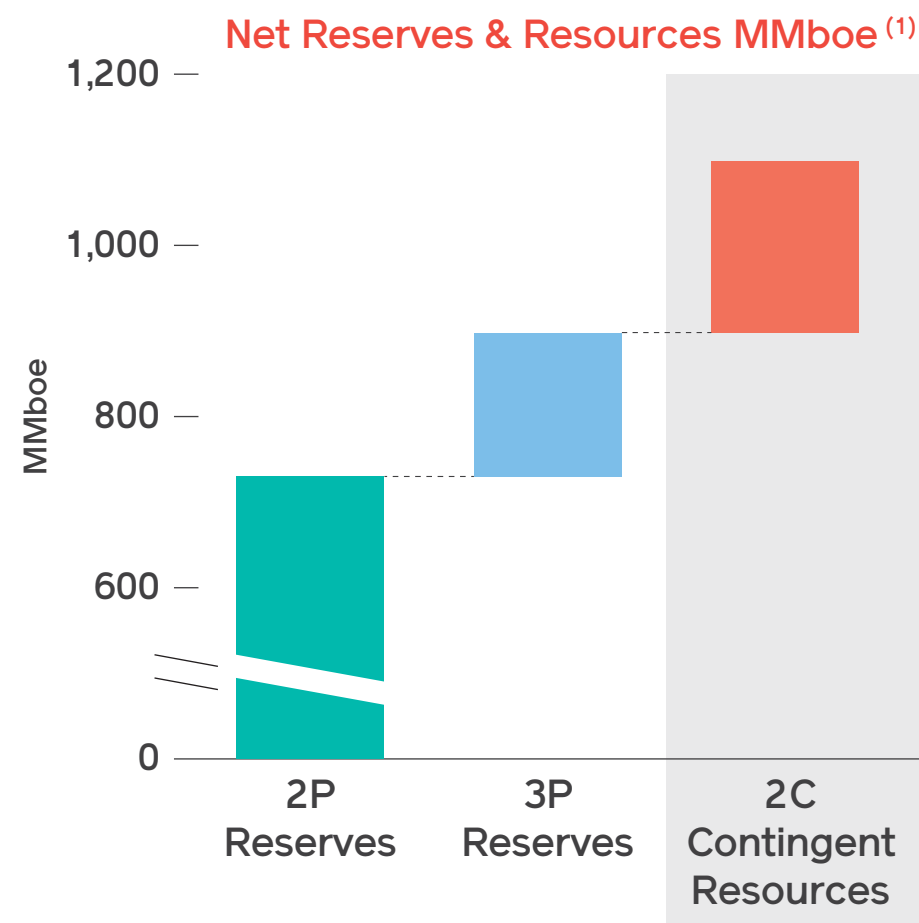




# Lundin Petroleum

## Appraisal - Progressing Resources to Reserves

- ➔ **Luno II appraisal success**
  - ➔ Resources increased to 40 – 100 MMboe <sup>(2)</sup>
  - ➔ PDO around end 2018
- ➔ **Rolvsnes appraisal drilling/testing in 2018 - currently drilling**
  - ➔ De-risks larger area potential
- ➔ **Alta/Gohta appraisal drilling/testing**
  - ➔ Alta EWT currently drilling



<sup>(1)</sup> Reserves/resources at end 2017

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



# Lundin Petroleum Exploration Strategy

- 2018 exploration drilling programme updated to 10 wells <sup>(3)</sup>
  - ➔ Targeting net unrisked resources of ~600 MMboe
- Increase in 2018 E&A budget from 250 to 300 MUSD

## Southern Barents Sea - Drill Out & Build

4 exploration wells in 2018

- Large under-explored basin >8 Bn boe<sup>(1)</sup>
- Drill out material prospects – 2018 wells targeting >1.5 Bn boe<sup>(2)</sup>
- Building prospectivity – licensing rounds

## Frøya High/Froan Basin - New Core Area

1 exploration well in 2018

- Building new core area – licensing rounds
- Maturing prospectivity >2 Bn boe<sup>(2)</sup>

## Alvheim Area – Sustain Production

1 exploration well in 2018

- Drilling and maturing prospectivity
- Adding new opportunities – licensing rounds

## Utsira High – Sustain Production

2 exploration wells in 2018

- Drilling and maturing prospectivity

## Mandal High – New Core Area

1 well in 2018

- Building new core area – deals/licensing rounds
- Testing material prospectivity >800 MMboe<sup>(2)</sup>

<sup>(1)</sup> NPD estimate yet to find

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

<sup>(3)</sup> Includes additional well in North Sea Area



# Lundin Petroleum Proposed Dividends

2018	2019	2020+
4 SEK/share	MUSD $\geq$ 350	Ability to further increase Dividend with J. Sverdrup onstream



# First Quarter 2018

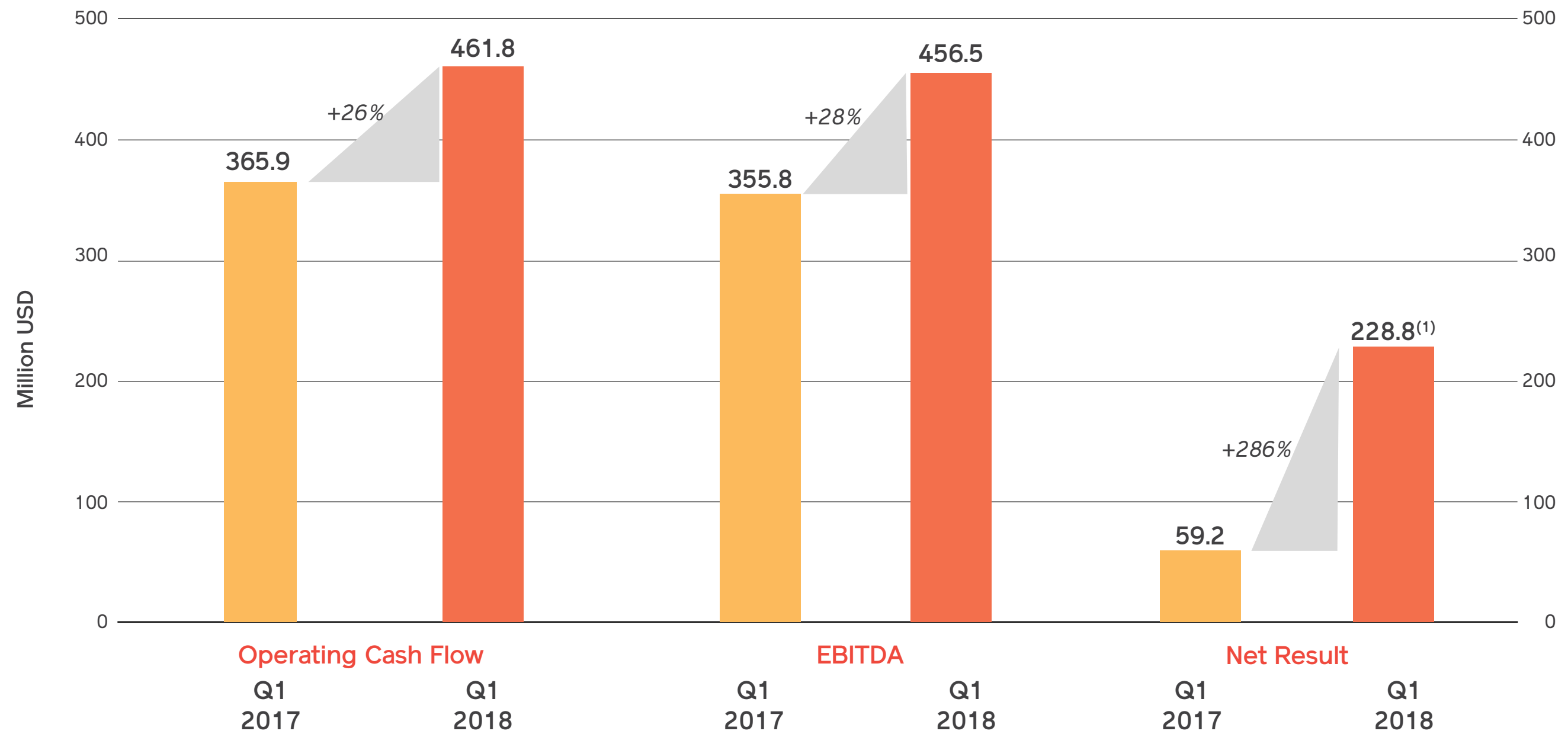
## Financial Highlights

	First Quarter 2018 Actual
Production (Mboepd)	83.1
Average Brent oil price (USD/boe)	66.82
Operating costs (USD/boe)	3.82
EBITDA (MUSD)	456.5
Operating cash flow (MUSD)	461.8
Free cash flow (MUSD)	171.8
Net result (MUSD)	228.8



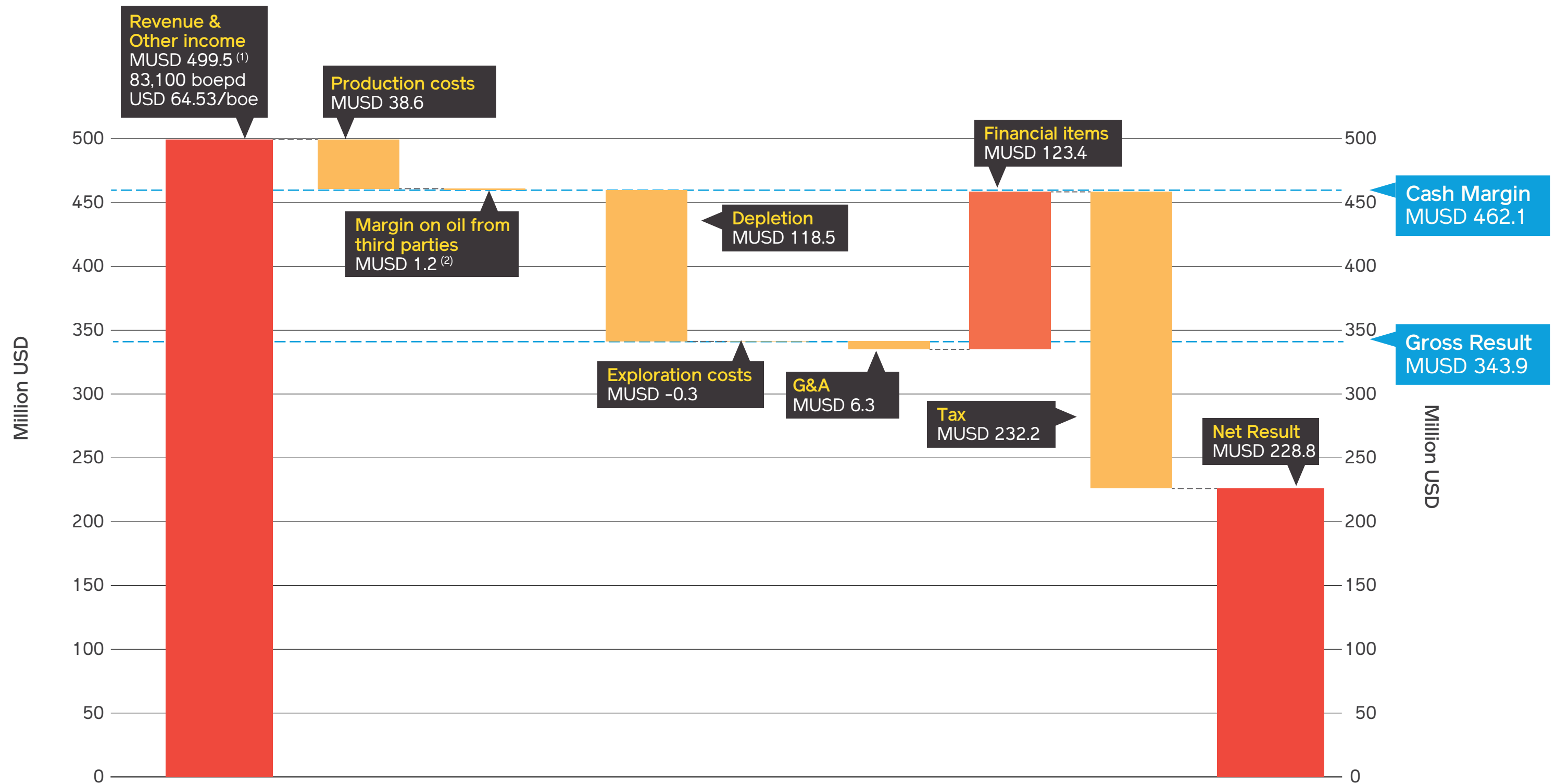
# First Quarter 2018 Financial Results

Oil Price	+26%
Production	+ 1%



<sup>(1)</sup> Includes increase in net foreign exchange gain compared to first quarter 2017 of MUSD 141.7

# First Quarter 2018 Financial Results

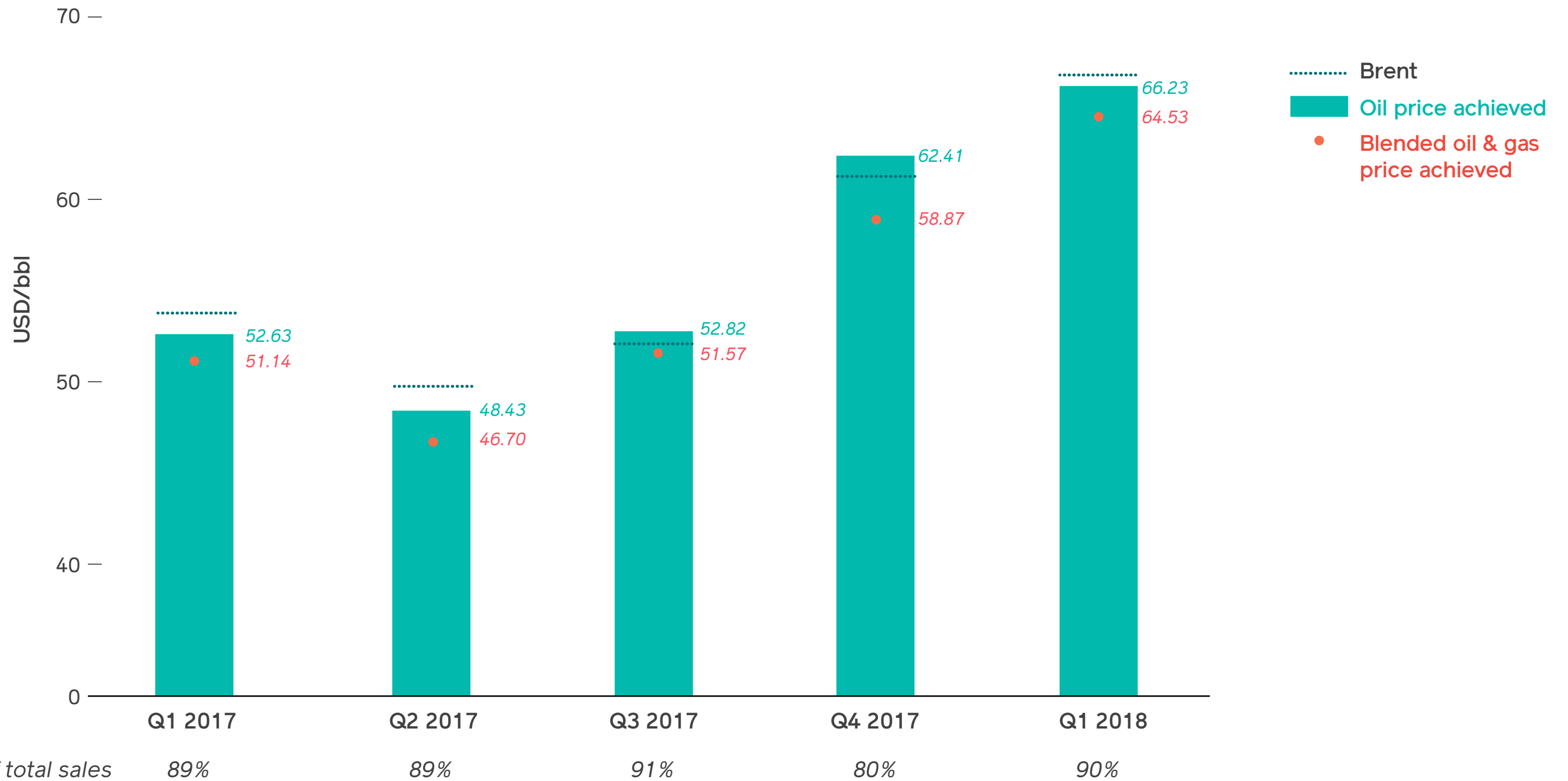


<sup>(1)</sup> Revenue and other income includes changes in under/overlift positions and excludes revenue from third party activities

<sup>(2)</sup> Margin consists of revenue from third party activities (MUSD 193.4) less other costs of sales (MUSD 192.2)

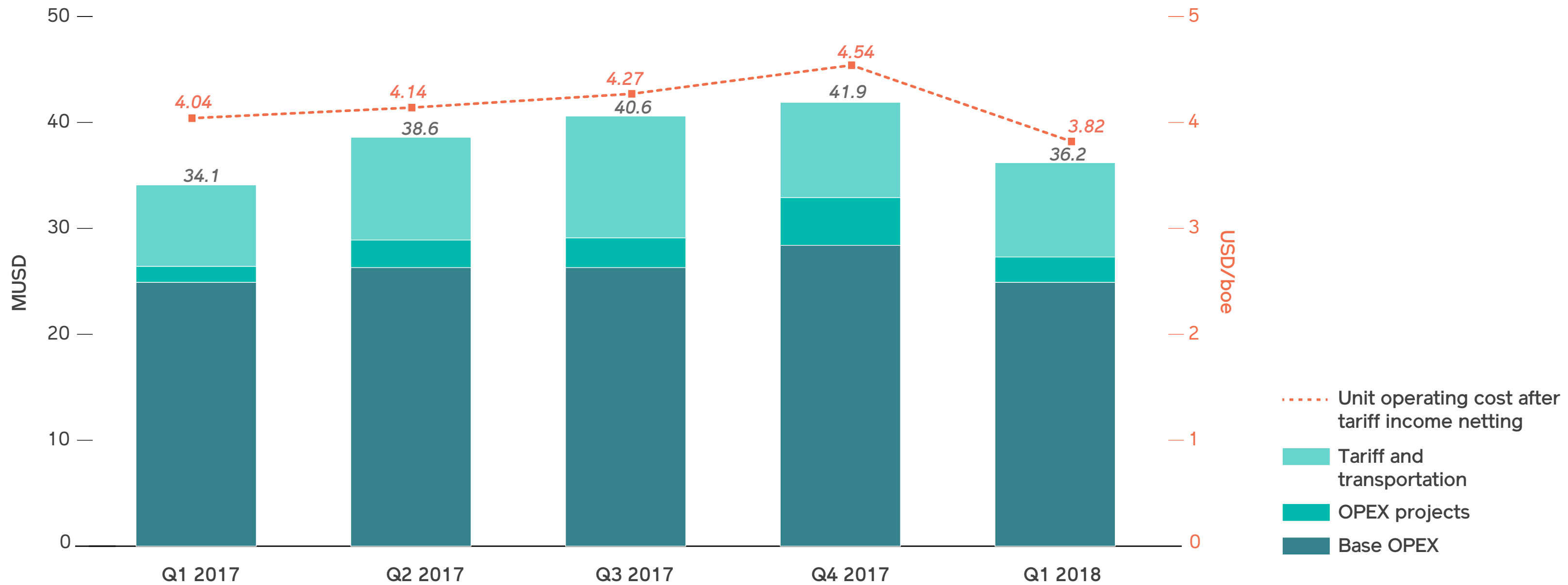


# First Quarter 2018 Realised Prices



# First Quarter 2018

## Operating Costs





# First Quarter 2018

## G&A / Financial Items (MUSD)

	Q1 2018 MUSD
<b>General &amp; Administration Expenses</b>	
General & administration	5.3
Long Term Incentive Plan	1.0
	<b>6.3</b>
<b>Net Financial Items</b>	
Foreign exchange (gain) <sup>(1)</sup>	-162.1
Interest expense <sup>(2)</sup>	24.5
Interest expense hedge	2.0
Loan commitment fees	3.5
Amortisation of loan fees	4.6
Other	4.1
	<b>-123.4</b>

<sup>(1)</sup> Includes MUSD 5.4 gain on settled currency hedges

<sup>(2)</sup> An additional amount of interest expense of MUSD 21.6 has been capitalised in the reporting period

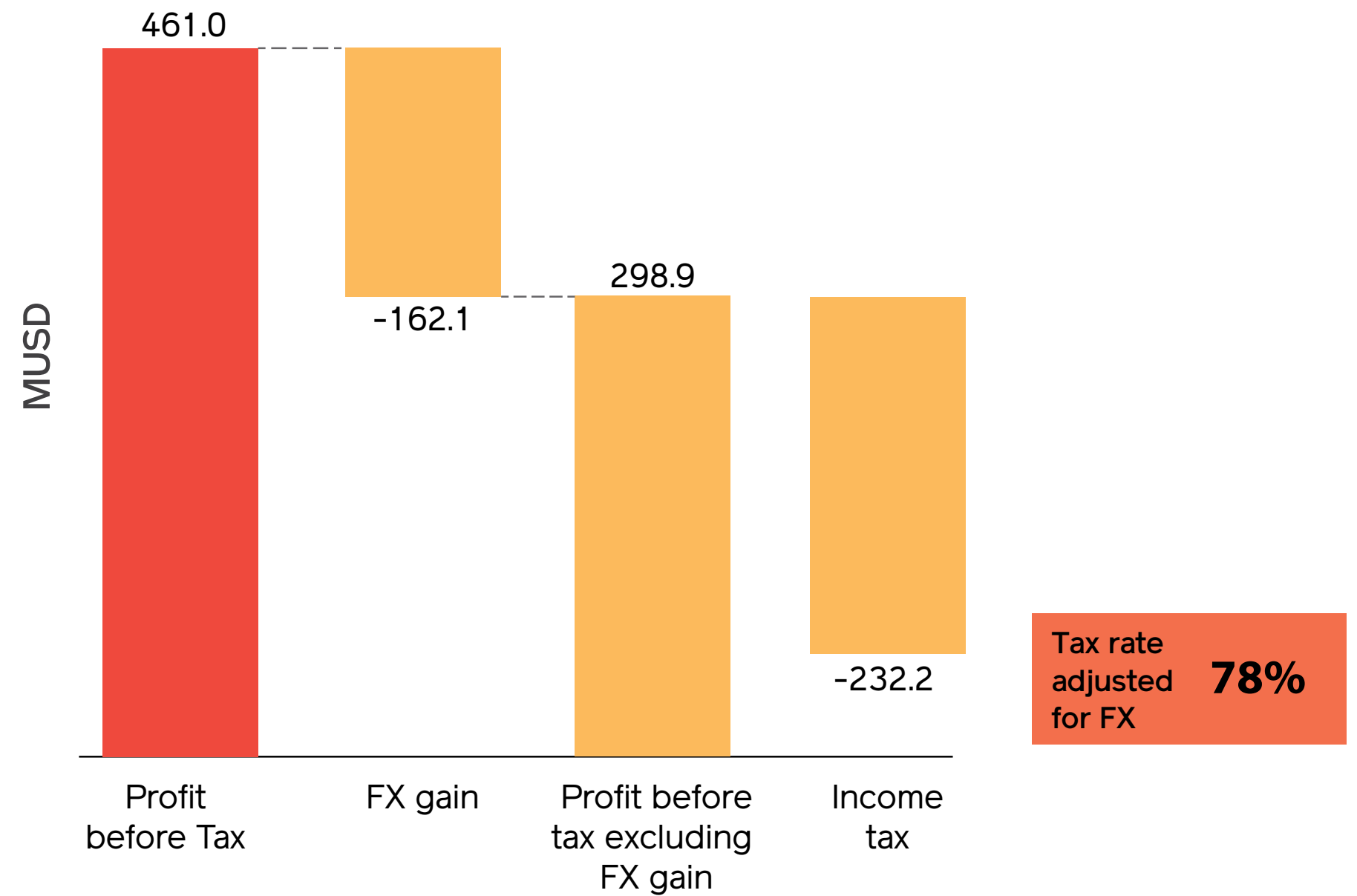
# First Quarter 2018

## Income Taxes

INCOME STATEMENT



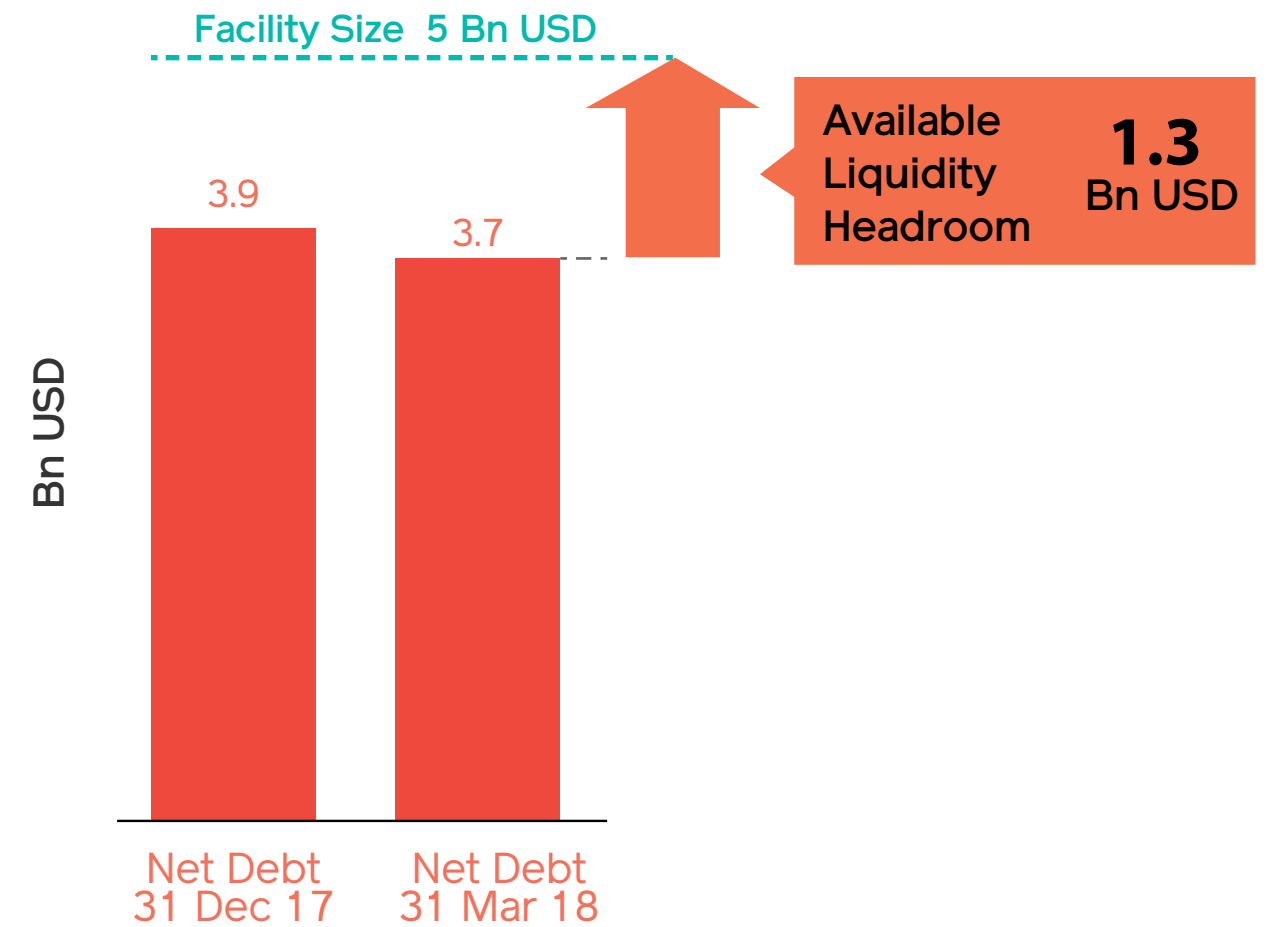
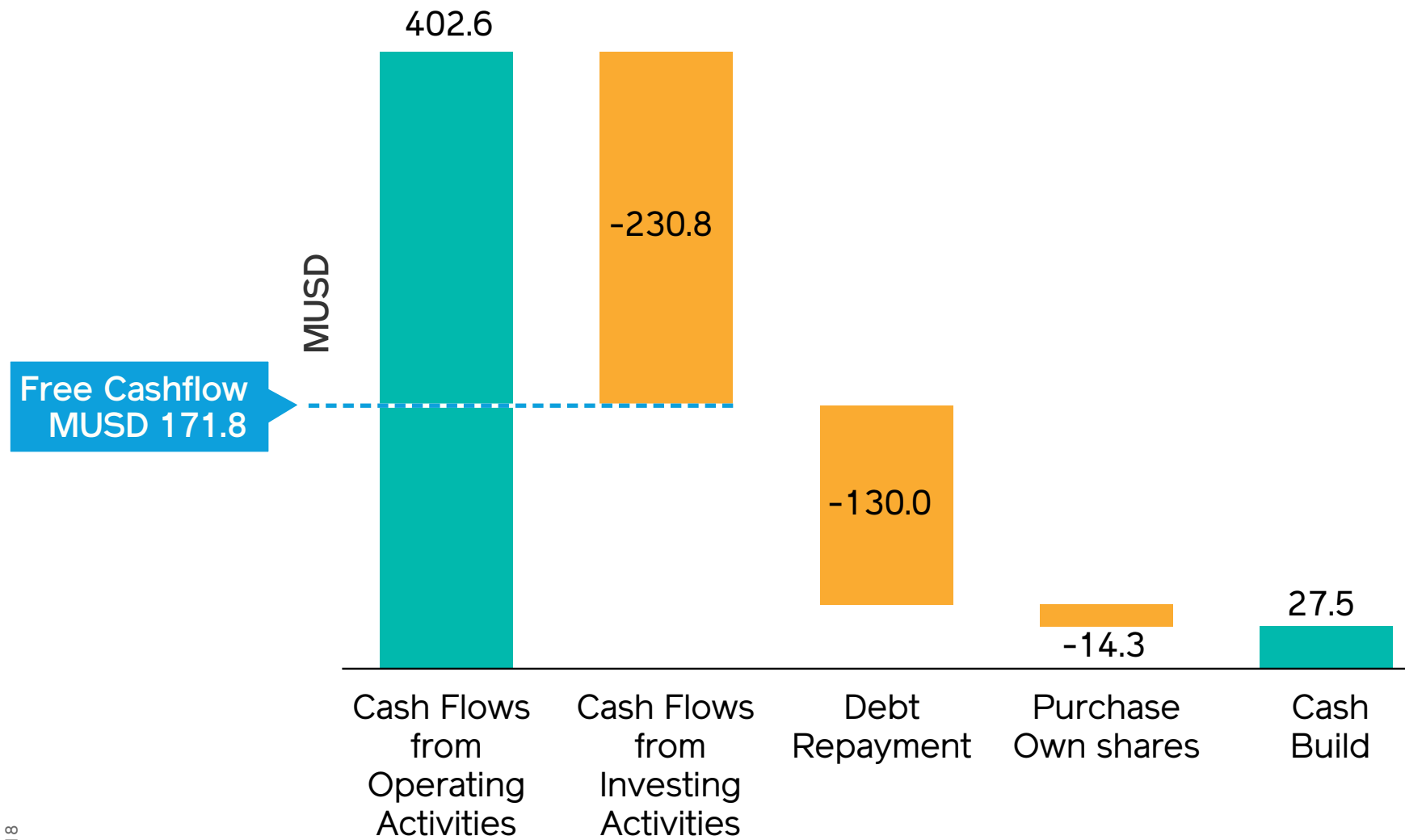
ADJUSTED FOR NON-TAXABLE FX GAIN





# First Quarter 2018

## Cash Flow, Debt Position and Liquidity



2018

Latest Guidance Compared to CMD

	CMD	Latest Guidance
Production Guidance (Mboepd)	74.0-82.0	74.0-82.0
Operating costs (USD/boe)	4.15	4.15
CAPEX (MUSD)	800	800
E&A Expenditure (MUSD)	250	300

# Lundin Petroleum

## 2018 Dividend Payment

### ➤ Dividend of 4 SEK/share proposed to the 2018 AGM

- Right to receive dividend upto and including 3 May 2018
- Ex-dividend 4 May 2018
- Record date 7 May 2018
- Expected pay-out date 11 May 2018



# First Quarter 2018

## Summary

- ➔ Q1 2018 production of 83.1 Mboepd
- ➔ Record low Q1 operating costs of 3.82 USD/boe
- ➔ Generated free cash flow of approximately 170 MUSD
- ➔ Proposed inaugural cash dividend payment of 4 SEK/share and intention, to pay at least USD 350 million from next year
- ➔ Continued strong reservoir and facility performance from Edvard Grieg
- ➔ Johan Sverdrup Phase 1 ~70% complete and firmly on track to achieve late 2019 first oil
- ➔ 14 exploration/appraisal wells to be drilled in 2018
- ➔ Luno II appraisal success and Frosk oil discovery
- ➔ Strong HSE track record

# 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



[www.lundin-petroleum.com](http://www.lundin-petroleum.com)