

Operations & Financial Update  
**First Quarter 2020**

Q1

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30 April 2020



# First Quarter 2020 Highlights

Production above Guidance

Coronavirus Crisis  
No disruption to production

Production Above Guidance  
**152.4** Mboepd

Industry Leading Operating Costs  
**3.22** USD/boe  
Below guidance

Johan Sverdrup Plateau Increased  
Phase 1 to **470** Mbopd (achieved April)  
Full field to **690** Mbopd

Free Cash Flow  
**>400** MUSD

Response to Low Oil Price  
**>780** MUSD  
liquidity improvement <sup>(1)</sup>

<sup>(1)</sup> Pre-tax in 2020. Includes cost reductions, deferrals, reduced dividend and additional corporate debt facility

### Main Focus

Safeguarding well-being of our people  
Minimise risk to operations

### Mitigating Actions

Detailed contingency plans  
Engaged in strong industry response

### Minimising Offshore Activity

No disruptions to production

### Project Deferrals

No impact on production guidance



# Lundin Energy

## Resilient to Low Oil Prices

### High Quality, Low Cost Assets

Industry Leading Low Operating Costs  
Improved 2020 Guidance

**2.80** USD/boe  
(previously 3.40 USD/boe)

Low Cash Flow Breakeven

**<17** USD/boe  
(average for next 7 years)

Improved Liquidity **>780 MUSD<sup>(1)</sup>**

Cost Reductions and Deferrals in 2020

**>300** MUSD

Additional Corporate Debt Facility

**340** MUSD

Dividend Reduction

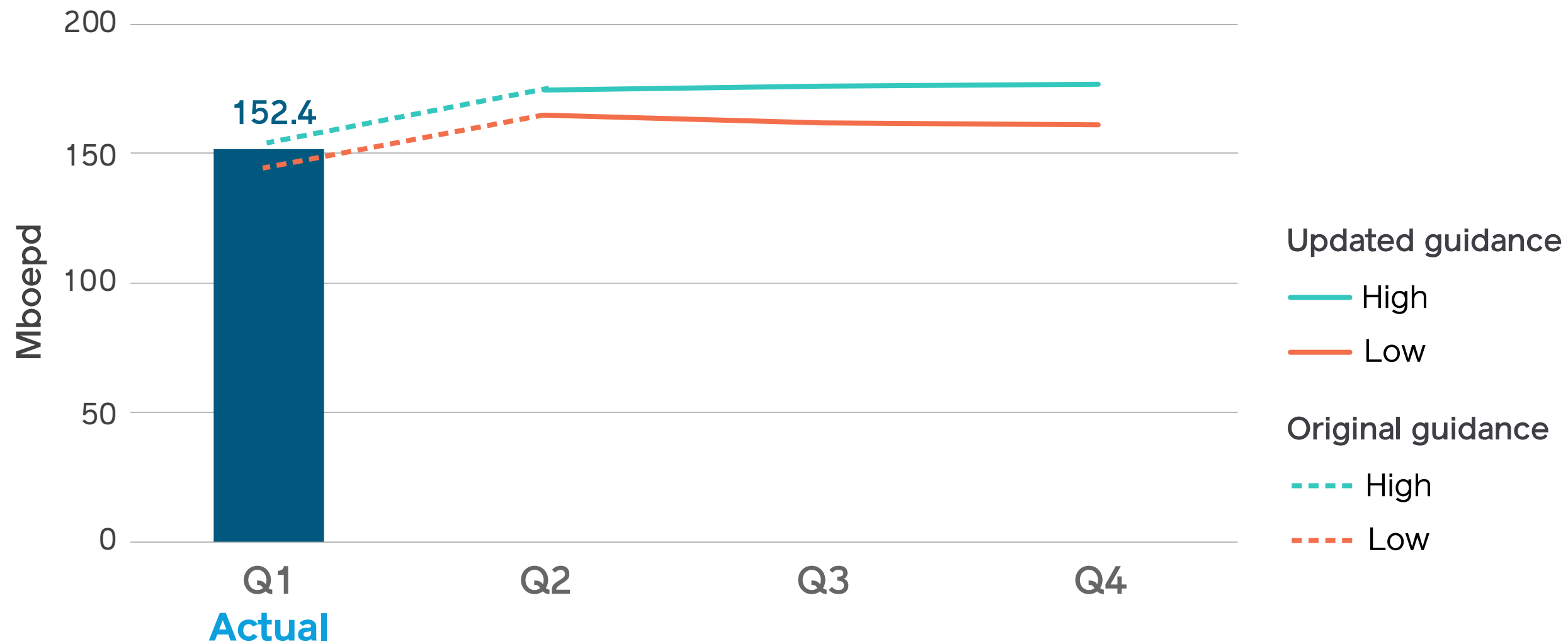
**-45%**

<sup>(1)</sup> Pre-tax

# Lundin Energy 2020 Production

First Quarter **152.4** Mboepd  
Above mid-point of guidance range

Increased full year guidance  
**160–170 Mboepd**  
(previously 145–165 Mboepd)



Delivering guidance or better for **19** quarters running

# Lundin Energy

## Industry Leading Operating Performance

### Production Efficiency<sup>(1)</sup>

**99%** Edvard Grieg

**98%** Alvheim Area

**89%** Johan Sverdrup

### Operating Costs

**3.22**  
USD/boe<sup>(1)</sup>

Updated full  
year guidance

**2.80**  
USD/boe

Quarter of North Sea average

### Carbon Intensity

**~3**  
kg CO<sub>2</sub>/boe<sup>(1)</sup>

Full year guidance

**<4**  
kg CO<sub>2</sub>/boe

Approximately one fifth of  
world average

Top Tier  
HSE Performance

**Zero**  
material incidents<sup>(1)</sup>

<sup>(1)</sup> First quarter 2020

# Johan Sverdrup

## In a League of its Own

**Phase 2**  
Progressing  
to schedule



GROSS RESERVES		PRODUCTION CAPACITY INCREASED		PHASE 2 ON TRACK		BREAK EVEN PRICE	
↑	<b>2.2–3.2</b> billion boe (PDO 1.7 – 3.0 billion boe)	Phase 1 <b>470</b> Mbopd from 440 Mbopd	Full Field <b>690</b> Mbopd from 660 Mbopd	↓	Capex PDO 85 Bn NOK <sup>(1)</sup> Current <b>41</b> Bn NOK	First Oil <b>Q4 2022</b>	Full Field <b>&lt;20</b> USD/boe

<sup>(1)</sup> Original PDO <sup>(2)</sup> Life of field

# Johan Sverdrup Phase 1

## Increased Plateau Production Achieved

Production wells onstream

**10 wells producing**

**Development Drilling**

**470 Mbopd<sup>(1)</sup>**  
from 10 wells

**Increased plateau 470 Mbopd<sup>(1)</sup>**  
(from 440 Mbopd)

Revised Phase 1 plateau reached  
**>2 months ahead of schedule**

**First Oil**  
5 Oct 2019

Production Efficiency

**94%**

**89%**

Range **91–98%**

**Q4 2019**

**2020**

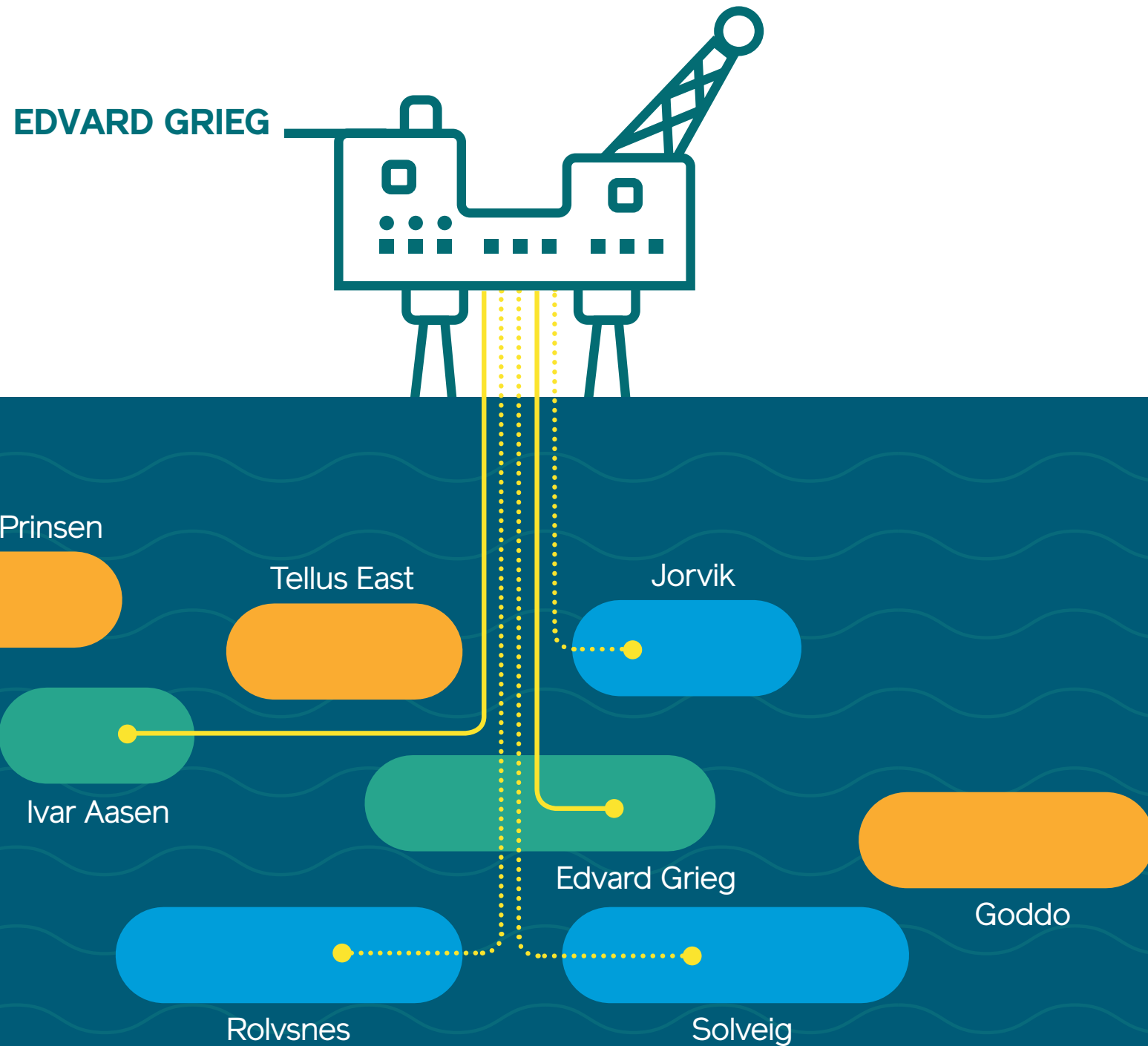
<sup>(1)</sup>Gross



# Greater Edvard Grieg Area

## Keeping the Facilities Full in the Long-term

OPEX<sup>(1)</sup>  
**3.37**  
 USD/boe



Project deferrals to minimise Coronavirus risk and reduce 2020 spend  
 No production impact

### Edvard Grieg

- Reservoir outperformance continues – excess well capacity
- Planned shutdown deferred to 2021 (from 2020)
- Infill drilling deferred to Q2 2021 (from Q3 2020)
- Full power from shore project ongoing

### Area Growth Opportunities

- Solveig first oil deferred to Q3 2021 (from Q1 2021)
- Rolvsnes EWT first oil deferred to Q2 2022 (from Q2 2021)
- Merckx exploration well Q4 2020

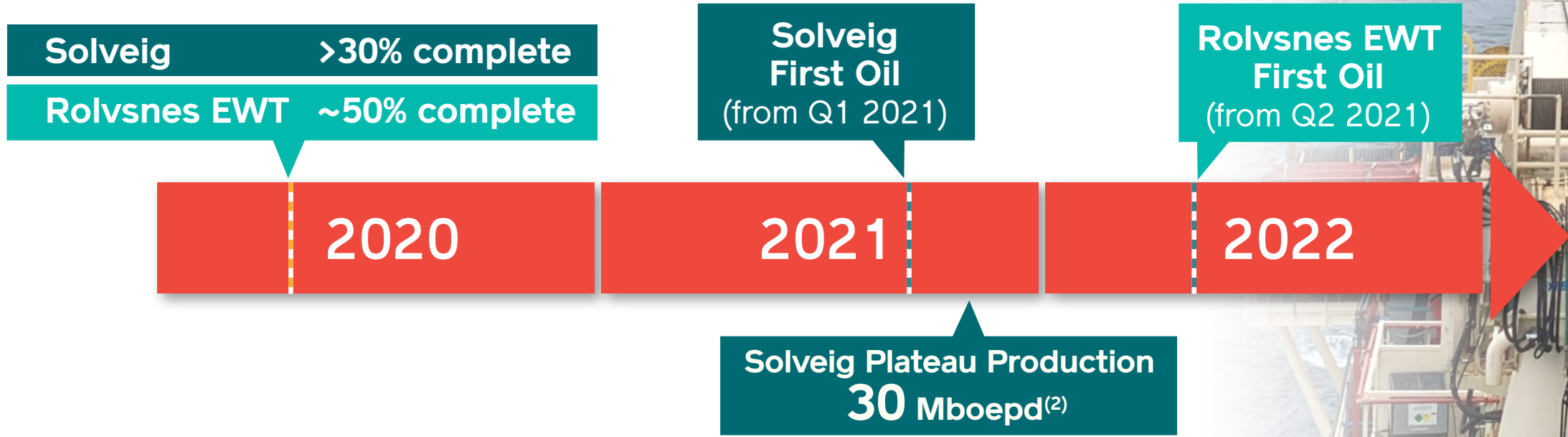
<sup>(1)</sup> First quarter 2020, fully netted

# Greater Edvard Grieg Area

## Solveig Phase 1 and Rolvsnes EWT

**Solveig Development**  
40–100 MMboe <sup>(1)</sup>  
Breakeven oil price <30 USD/bbl

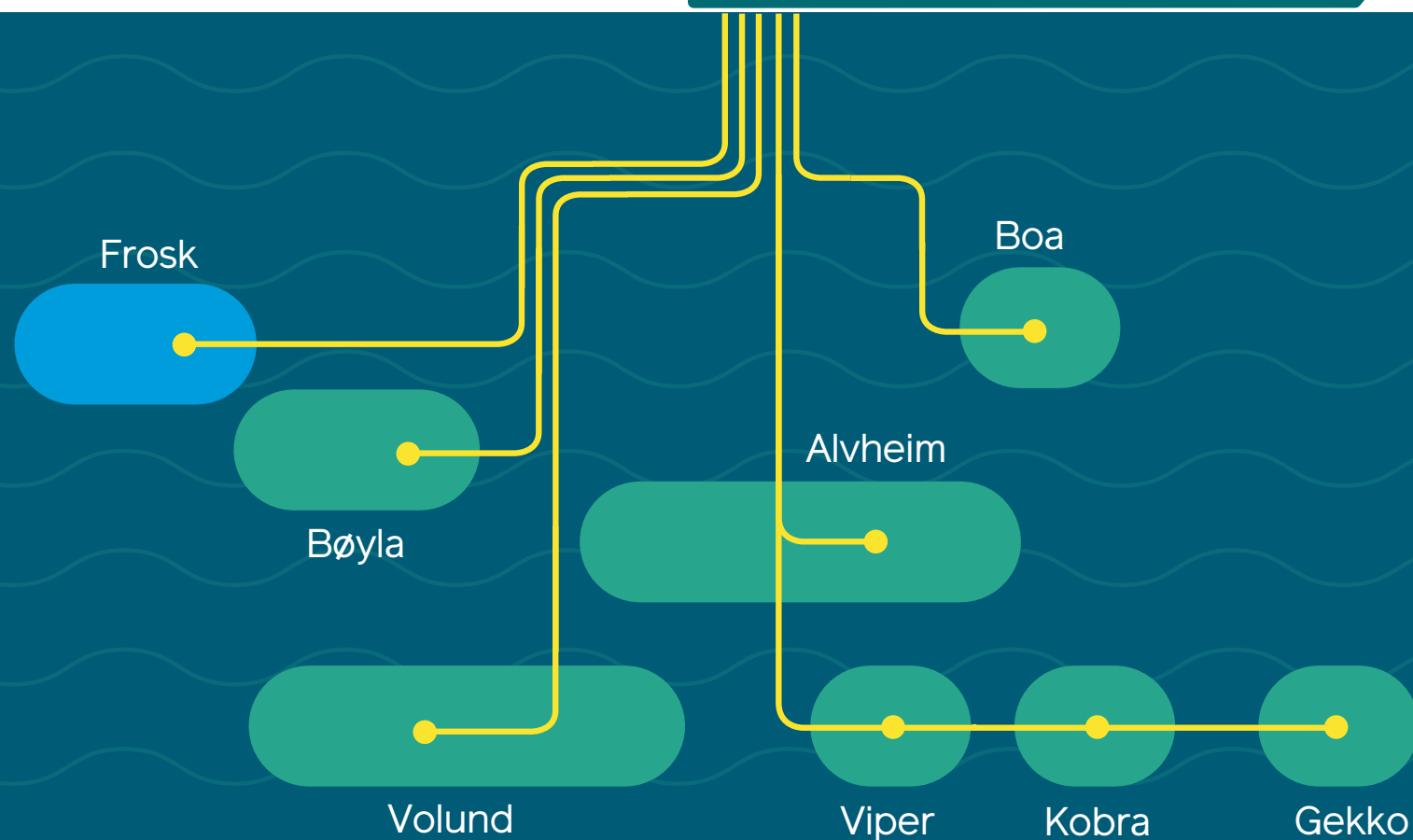
**Rolvsnes**  
14–78 MMboe <sup>(1)</sup>



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

# Alvheim Area Sustaining Production

OPEX <sup>(1)</sup>  
**8.03**  
USD/boe



- Shutdown deferred to 2021 (from 2020)
- 2 infill wells in 2020
- Frosk development - project sanction mid 2021

<sup>(1)</sup> First quarter 2020

# Lundin Energy Organic Growth

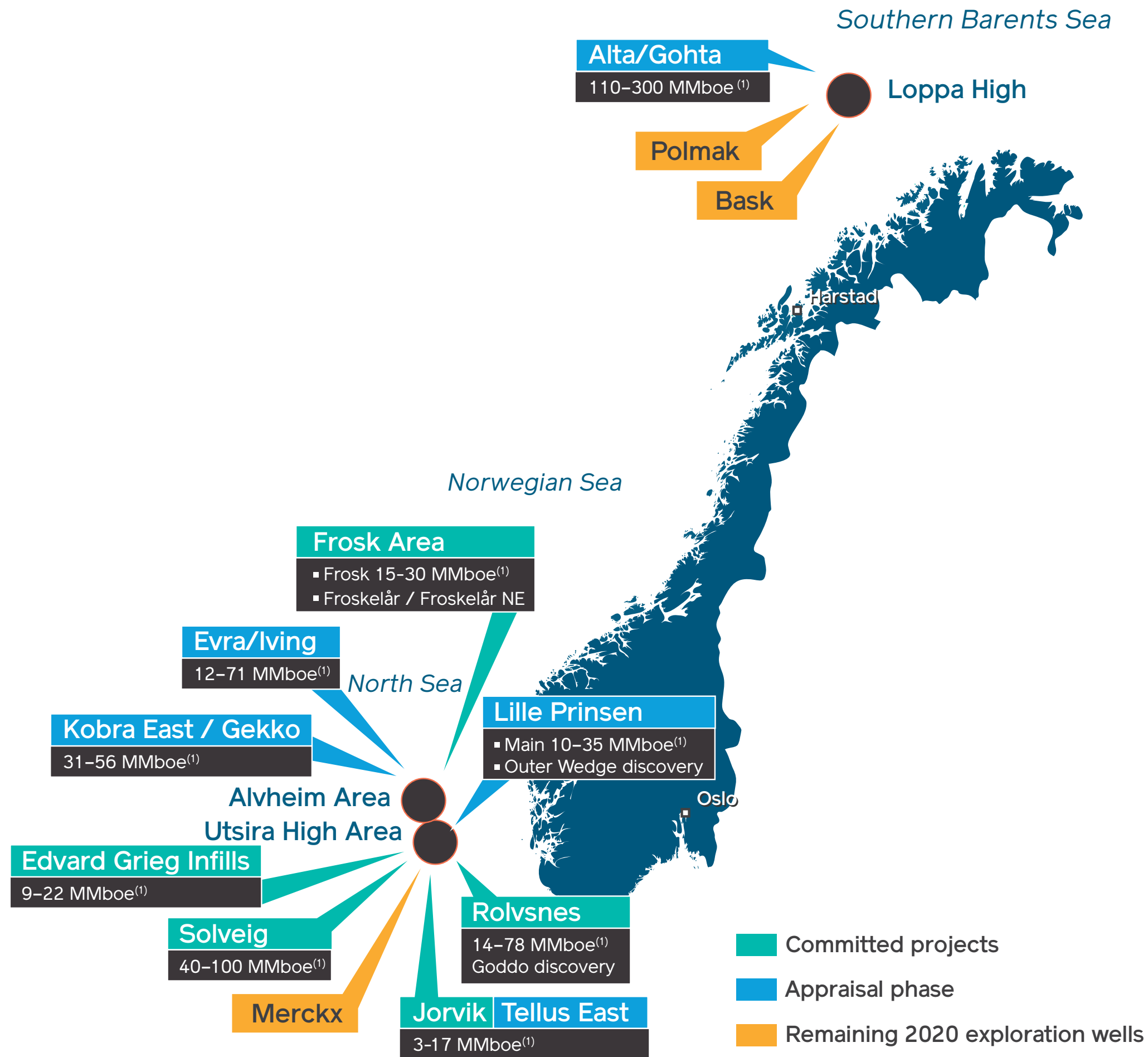
9 potential new projects  
targeting 100–320 MMboe<sup>(2)</sup>

4 projects underway

## 2020 E&A Programme

6 wells (4 deferred)  
3 drilled – 1 discovery

Remaining 3 wells targeting  
~350 MMboe<sup>(3)</sup>



<sup>(1)</sup> Gross Reserves and Resources

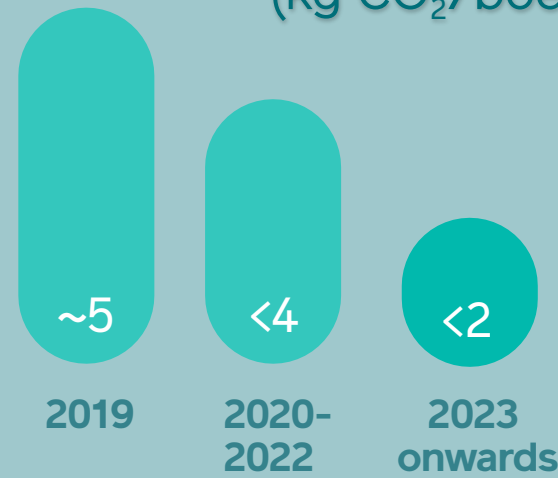
<sup>(2)</sup> Net resources

<sup>(3)</sup> Net unrisked resources

# Lundin Energy Decarbonisation Strategy

## Industry Leading Ambitions

Lundin Energy's carbon intensity  
(kg CO<sub>2</sub>/boe)



Target  
**Carbon  
Neutral  
2030**  
(operational emissions)

## Renewables Investments (replacing power usage)

- **Metsälamminkangas (MLK) windfarm**  
Completed 50% farm-down to Sval Energi (HitecVision)
- **Leikanger Hydropower**  
On track for first power Q2 2020

# First Three Months 2020 Financial Highlights

## Record Production & Sales Volume

Sales Volume: **153** Mboepd

Liftings: **17.6** oil cargoes

## Resilient Price Realisation

Oil: **47.96** USD/bbl

Gas/NGL: **25.50** USD/boe

## Costs

Record low opex: **3.22** USD/boe <sup>(1)</sup>

Oil & gas capex/E&A: **196** MUSD

Renewable capex: **27** MUSD

## Significant Cash Flow Generation

CFFO: **638** MUSD

FCF <sup>(2)</sup>: **407** MUSD

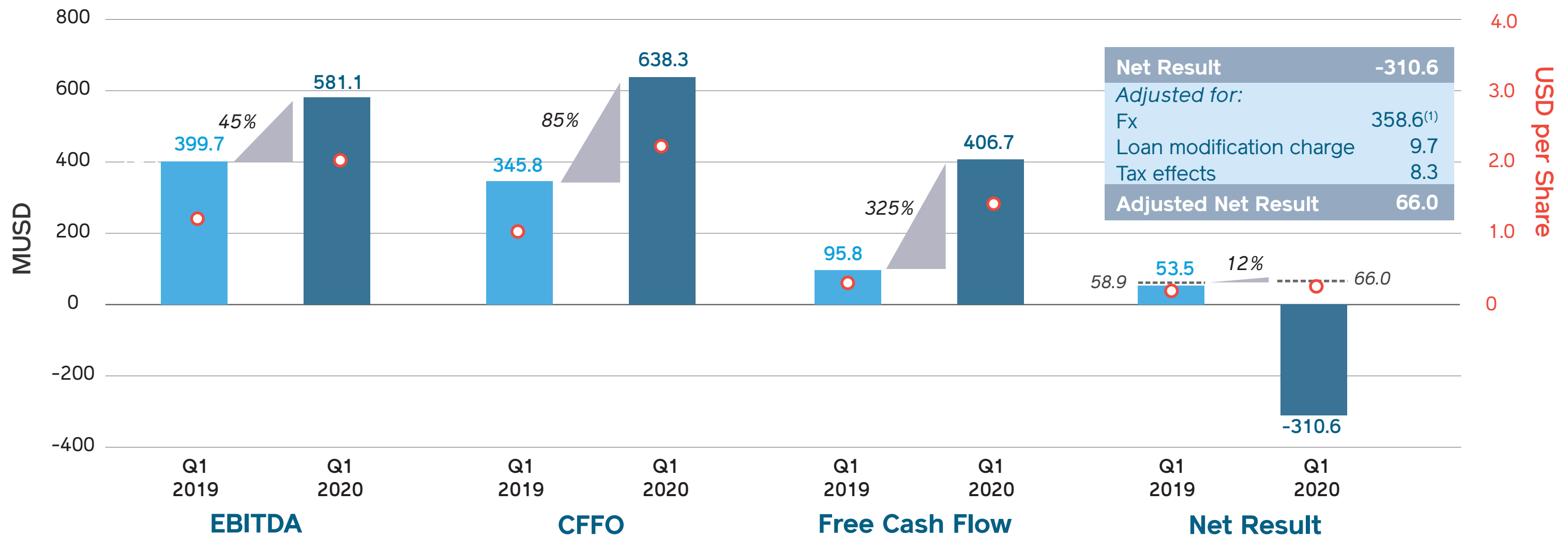
<sup>(1)</sup> When Brynhild accrual realised in Q2 2018 is excluded

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

# First Three Months 2020

## Key Ratios

	Q1-19	Q1-20	Δ%	EBITDA	CFFO	FCF	Net Result	Adj. Net Result
Sales Price USD/boe	60.88	45.18	-26%	✓	✓	✓	✓	✓
Sales Volumes Mboepd	79.7	153.1	92%	✓	✓	✓	✓	✓
Change in Working Capital MUSD	-13.8	141.2			✓	✓		
Depletion Costs MUSD	99.8	147.3					✓	✓
FX Results MUSD	0.8	-358.6 <sup>(1)</sup>			✓ <sup>(1)</sup>	✓ <sup>(1)</sup>	✓	

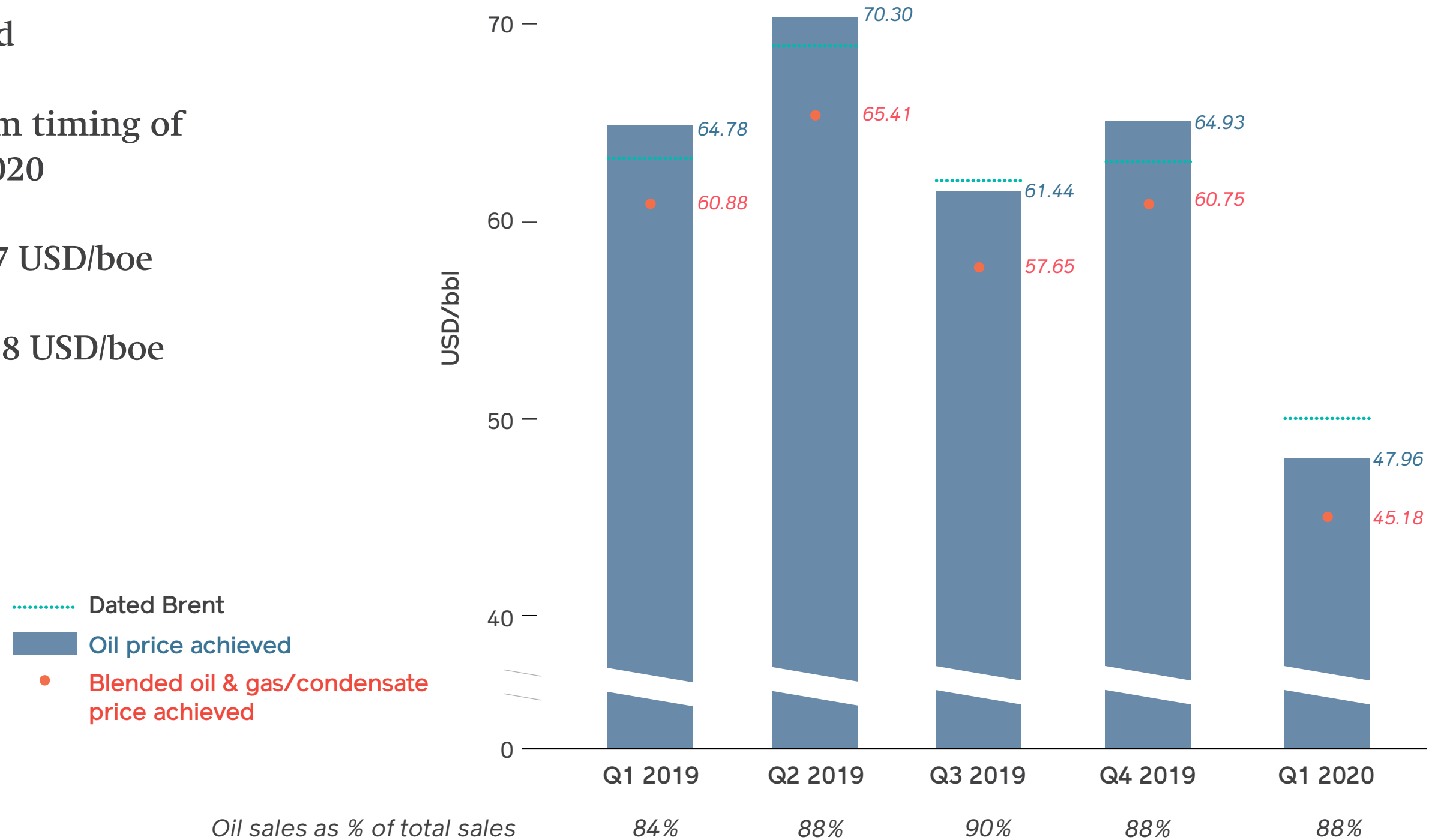


<sup>(1)</sup> Mostly non-cash FX loss

○ per share  
 ---- Adjusted Net Result

# First Three Months 2020 Realised Prices

- ➔ 17.6 oil cargoes lifted
- ➔ Negative impact from timing of liftings during Q1 2020
- ➔ Gas sales price: 21.77 USD/boe
- ➔ NGL sales price: 30.18 USD/boe

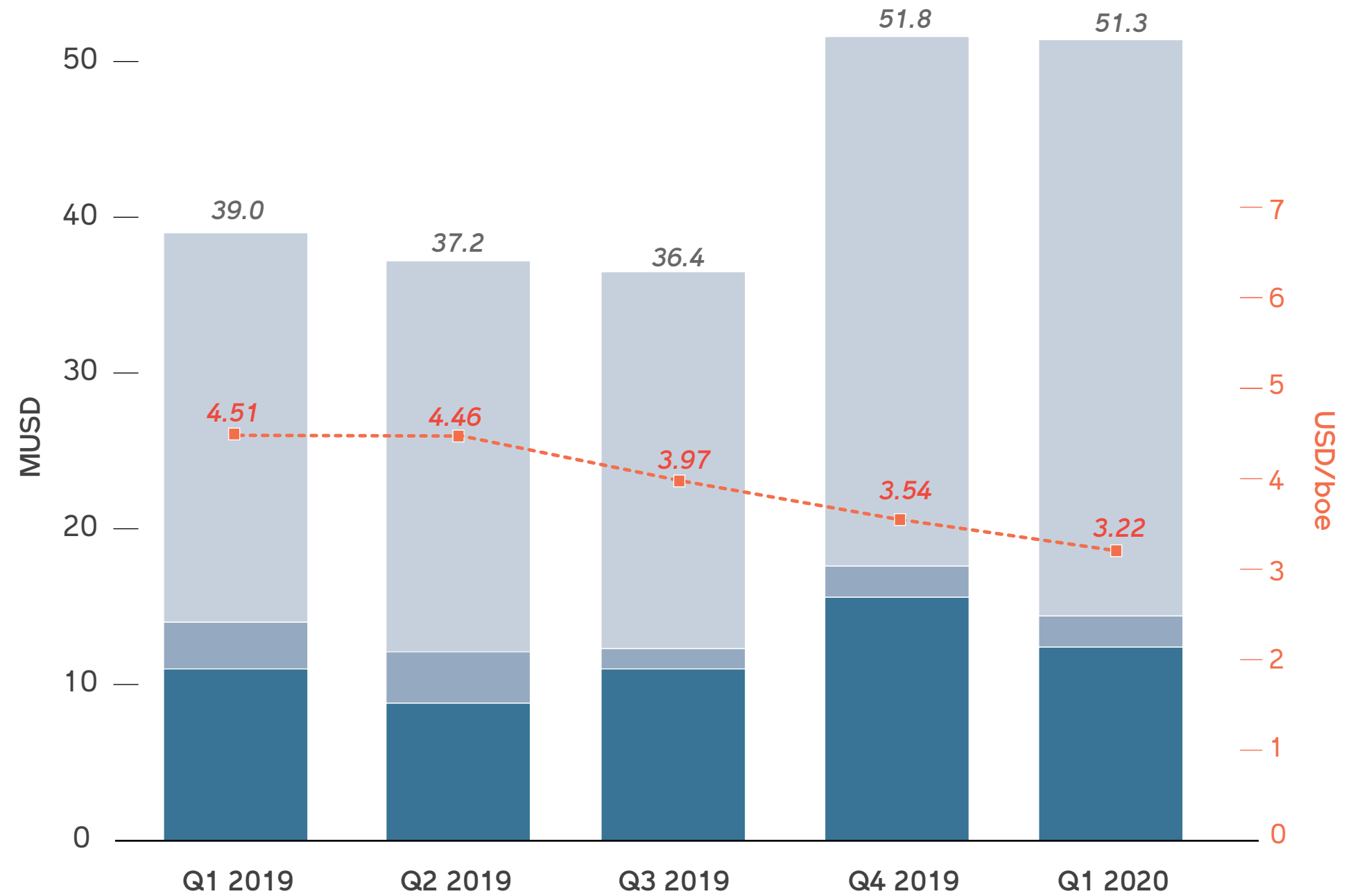
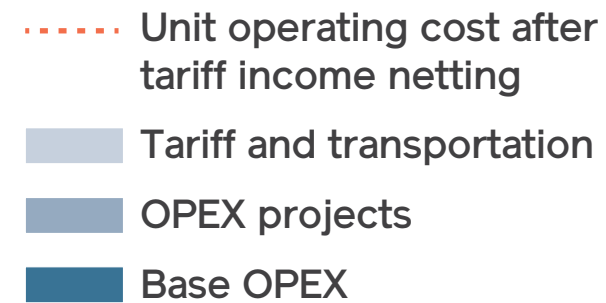




# First Three Months 2020

## Operating Costs

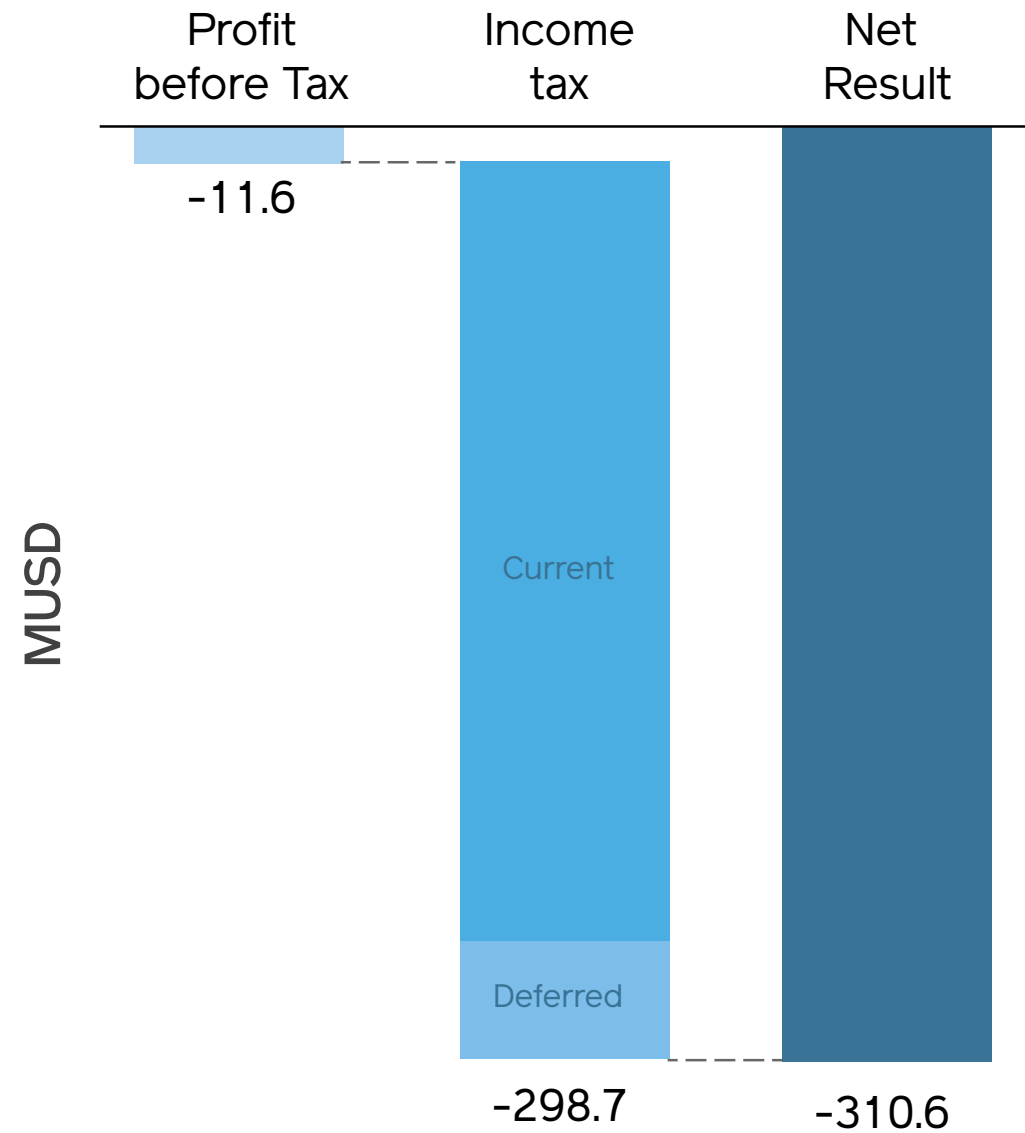
- ➔ Good cost control on all assets
- ➔ Johan Sverdrup lowering the average unit costs
- ➔ Weaker NOK resulting in lower unit costs in USD
- ➔ 2020 updated guidance: **2.80 USD/boe** after tariff income netting (previous 3.40 USD/boe)



# First Three Months 2020

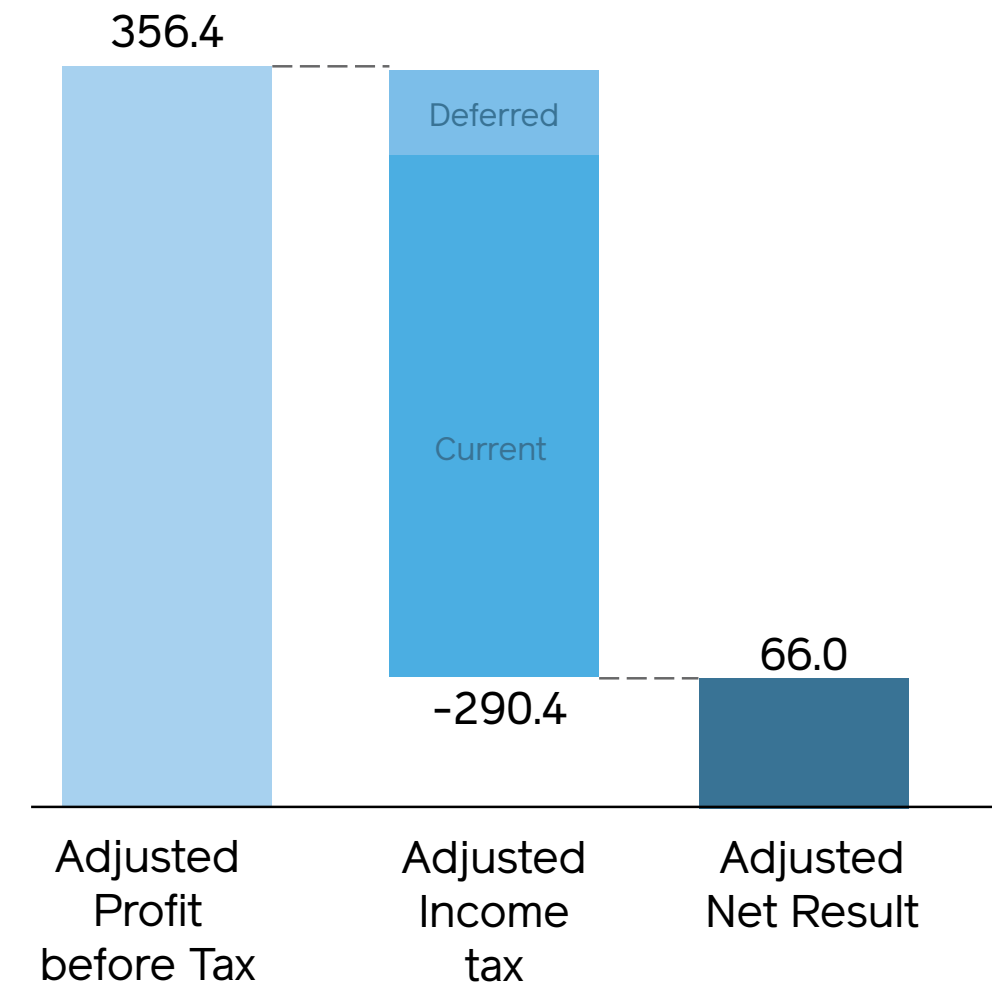
## Income Taxes

### INCOME STATEMENT



### INCOME STATEMENT - ADJUSTED NET RESULT

Adjusted for FX, loan modification charges and related tax effects



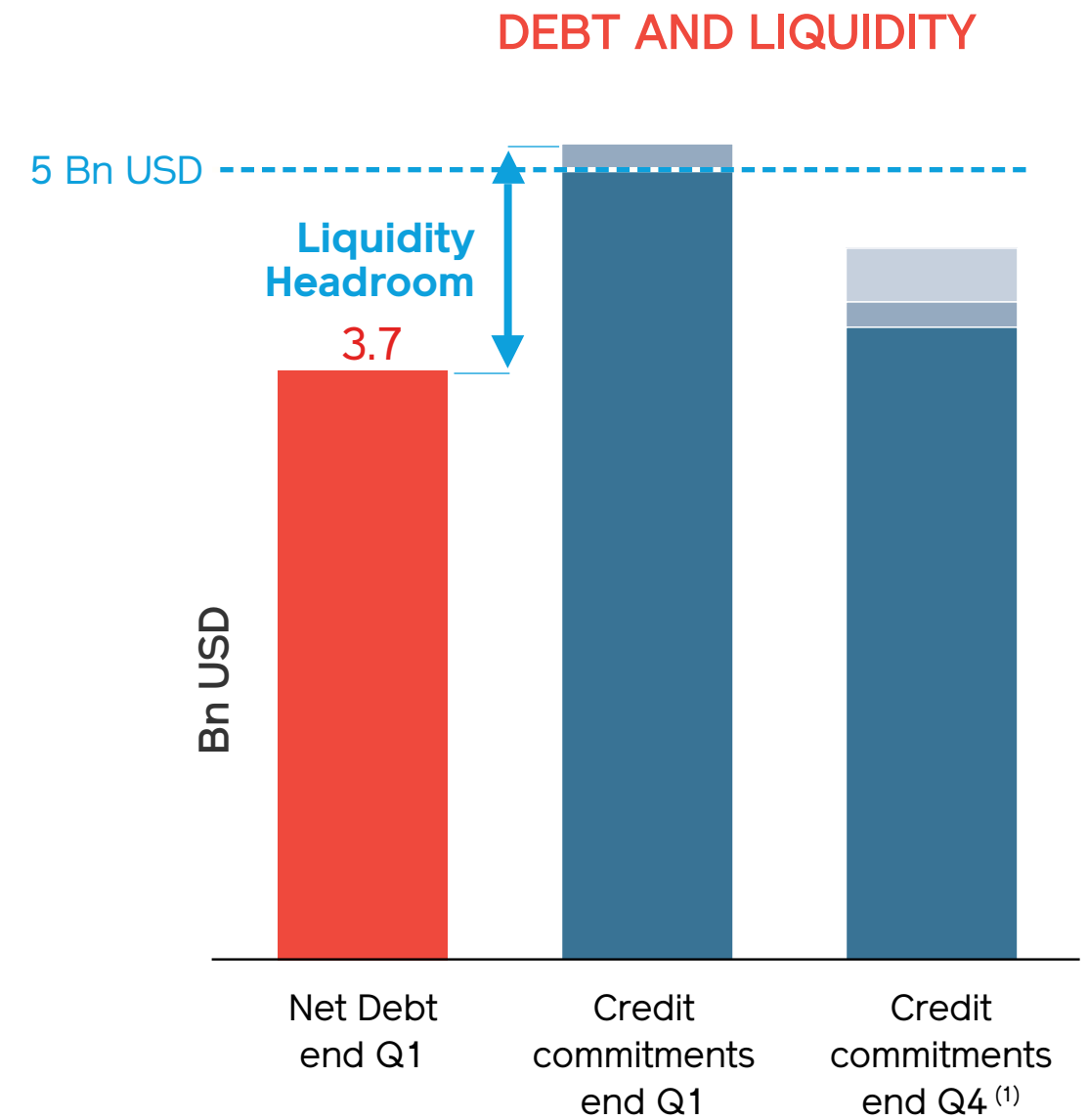
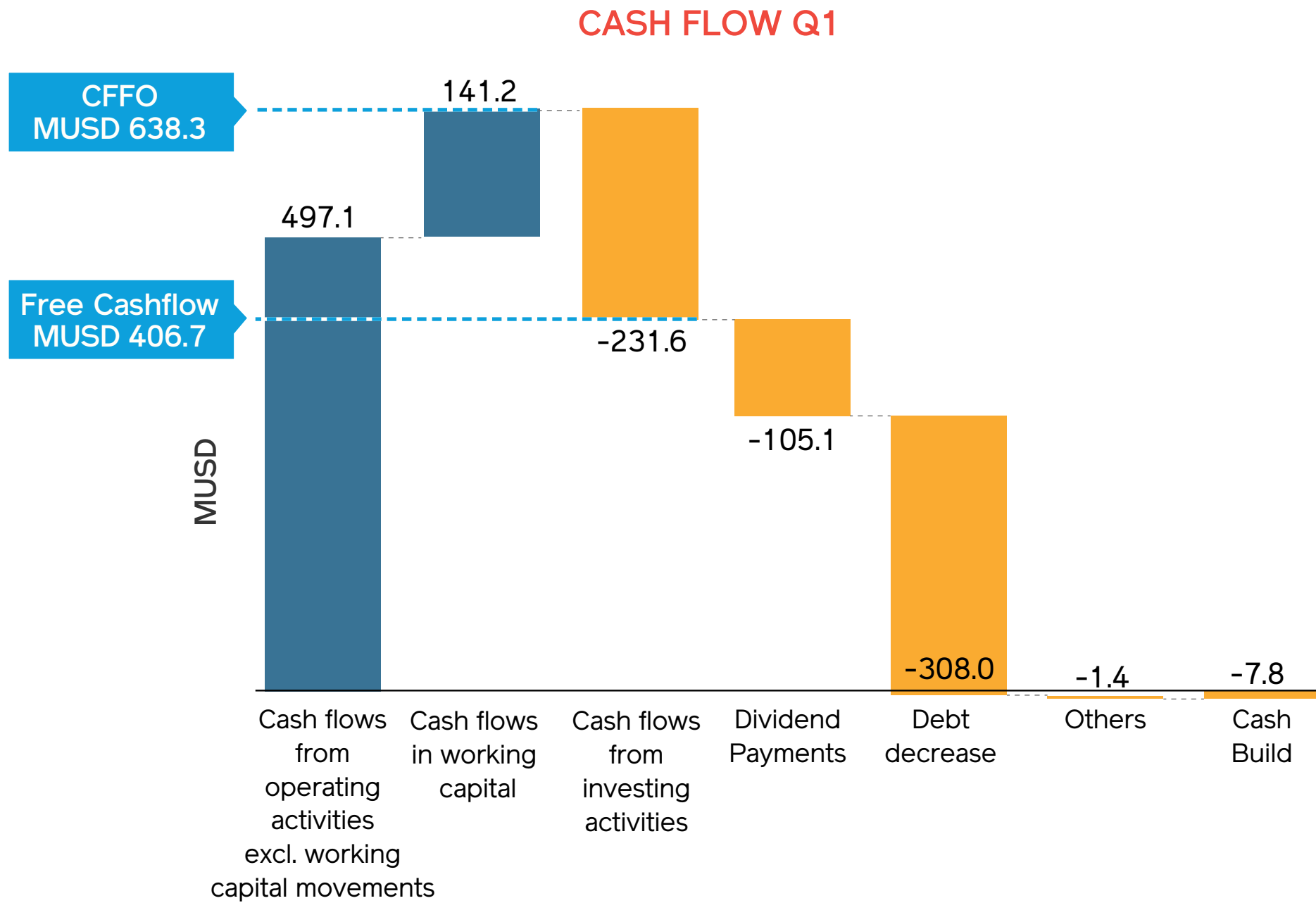
➔ Norwegian tax instalments

- ➔ Q1 cash tax paid: 170 MNOK (18 MUSD)
- ➔ Q2 cash tax to be paid: 340 MNOK

➔ Adjusted tax rate of 81%

# First Three Months 2020

## Cash Flow, Debt Position and Liquidity

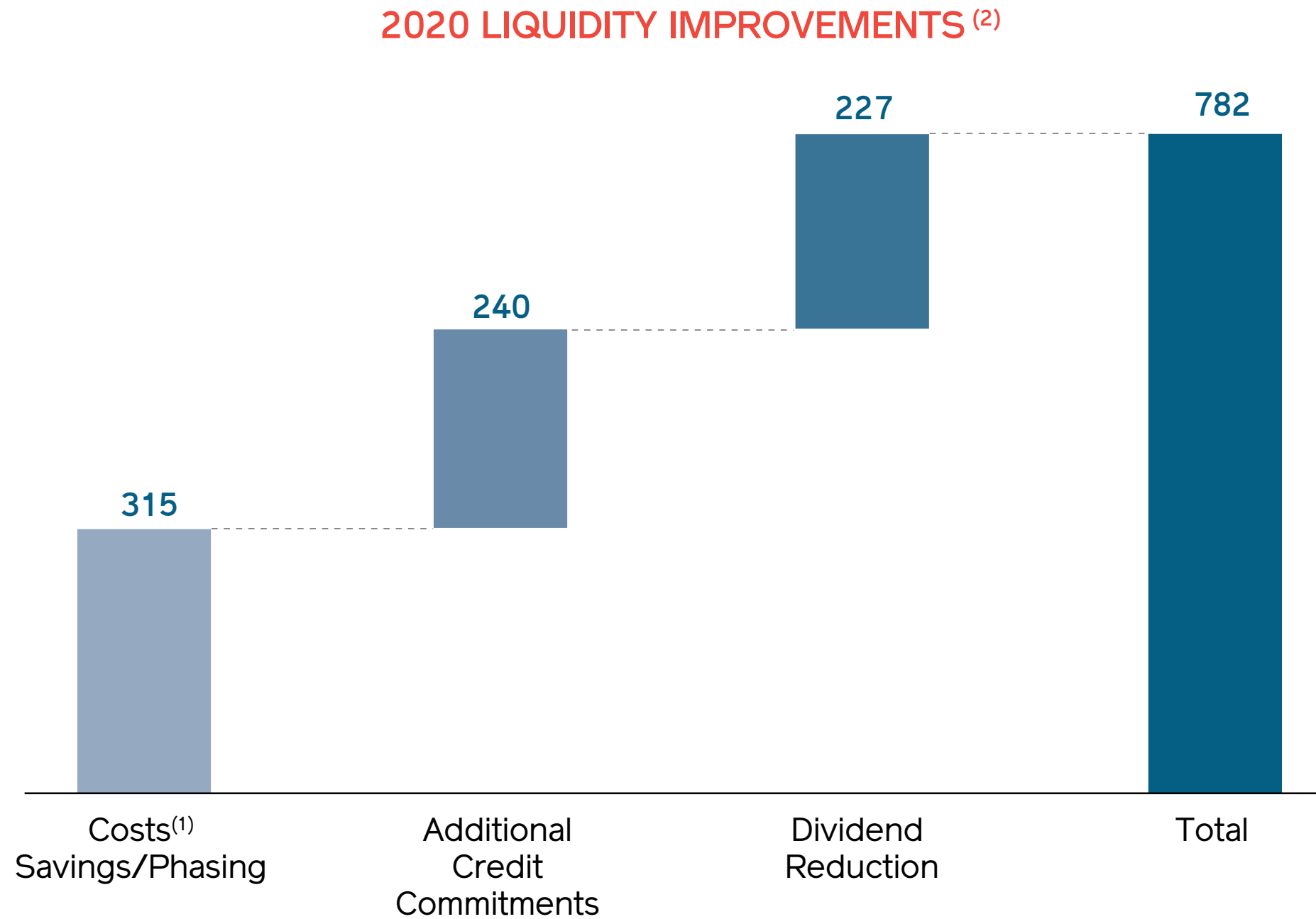


- Corporate facility
- Renewable facility
- RBL facility

<sup>(1)</sup> Including amortisation

# First Three Months 2020

## Improved Pre-tax Liquidity Position



<sup>(1)</sup> Capex/E&A/Opex/Renewables/G&A    <sup>(2)</sup> Compared to CMD guidance

# 2020 Latest Guidance Compared to CMD

	<b>CMD</b> 65 USD/bbl	<b>Latest Guidance</b>
Production (Mboepd)	<b>145-165</b>	<b>160-170</b>
Operating costs (USD/boe)	<b>3.40</b>	<b>2.80</b>
CAPEX (MUSD)	<b>895</b>	<b>710</b>
E&A Expenditure (MUSD)	<b>225</b>	<b>140</b>
Decommissioning Expenditure (MUSD)	<b>50</b>	<b>45</b>
Renewables Investments (MUSD)	<b>100</b>	<b>90</b>

# Lundin Energy

## Dividends

- ➔ 2019 dividend of USD 1.00/share approved by AGM on 31 March 2020
- ➔ Dividend schedule - quarterly payment

Dividend per Share	Dividend Distribution	Ex-dividend Date	Expected Payment Date
USD 0.25	~ MUSD 71 <sup>(1)</sup>	1 April 2020	7 April 2020
USD 0.25	~ MUSD 71	2 July 2020	8 July 2020
USD 0.25	~ MUSD 71	1 October 2020	7 October 2020
USD 0.25	~ MUSD 71	30 December 2020	8 January 2021

<sup>(1)</sup> Paid out in SEK

# Lundin Energy

## Industry Leading Performance

- Strong production performance, full year **guidance increased**
- Johan Sverdrup **plateau production rate increased** and achieved ahead of schedule
- Industry leading low **operating costs, revised further down**
- Swift action to mitigate potential impact of coronavirus, **no disruptions to production**
- Significant increase to liquidity – **expenditure savings and additional debt facility**
- Retain **material dividend**

Safe and  
responsible  
operations

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Energy

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# Lundin Energy



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