

# Operations & Financial Update

## First Nine Months 2018

Alex Schneider, President & CEO

Teitur Poulsen, CFO

7 November 2018



# First Nine Months 2018

## Highlights

### Strong Production

- First 9 months 2018: **80.8** Mboepd
- Q3 2018: **78.2** Mboepd
- In line with guidance: **78–82** Mboepd

### Low Operating Costs

- First 9 months 2018: **3.49** USD/boe
- Reduced guidance: **<3.8** USD/boe

### Financial Performance

- Record FCF: **490** MUSD for first 9 months and **230** MUSD for Q3
- Continued strong EBITDA and OCF
- 2019: **≥350** MUSD dividend

### Edvard Grieg

- **97%** production efficiency
- Strong reservoir performance
- Plateau period extended

### Johan Sverdrup

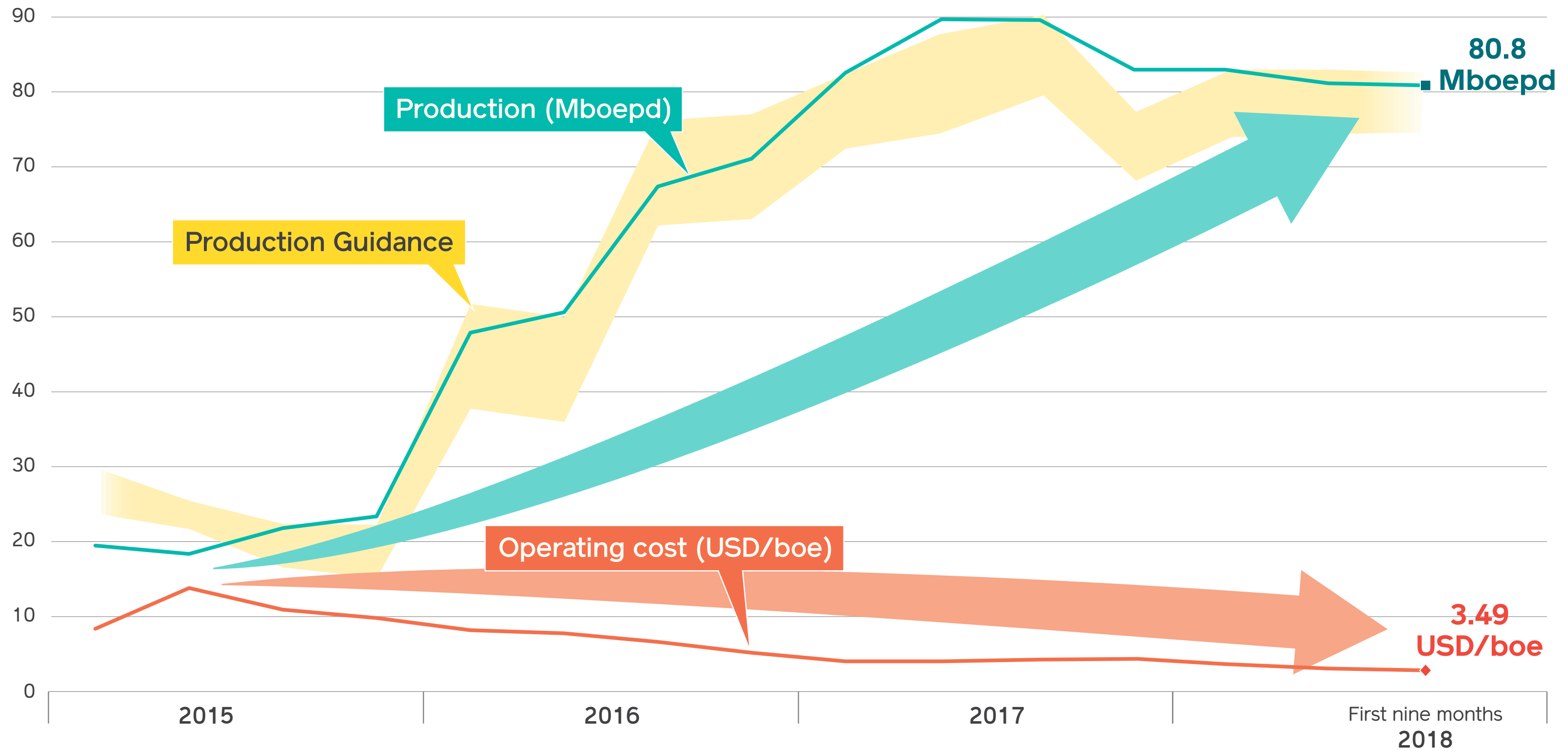
- Phase 1 **>80%** complete
- 2018 installation campaign near completion
- Firmly on track for **first oil** Nov 2019
- Increased resources: **2.2–3.2** Bn boe gross
- PDO Phase 2 submitted

### Growth Opportunities

- **6** potential new projects
- Frosk, Lille Prinsen, Luno II, Rolvsnes, Alta/Gohta and Gekko successes
- **5** exploration wells remaining in 2018

# Lundin Petroleum

## Consistent Quarterly Delivery of Production Guidance

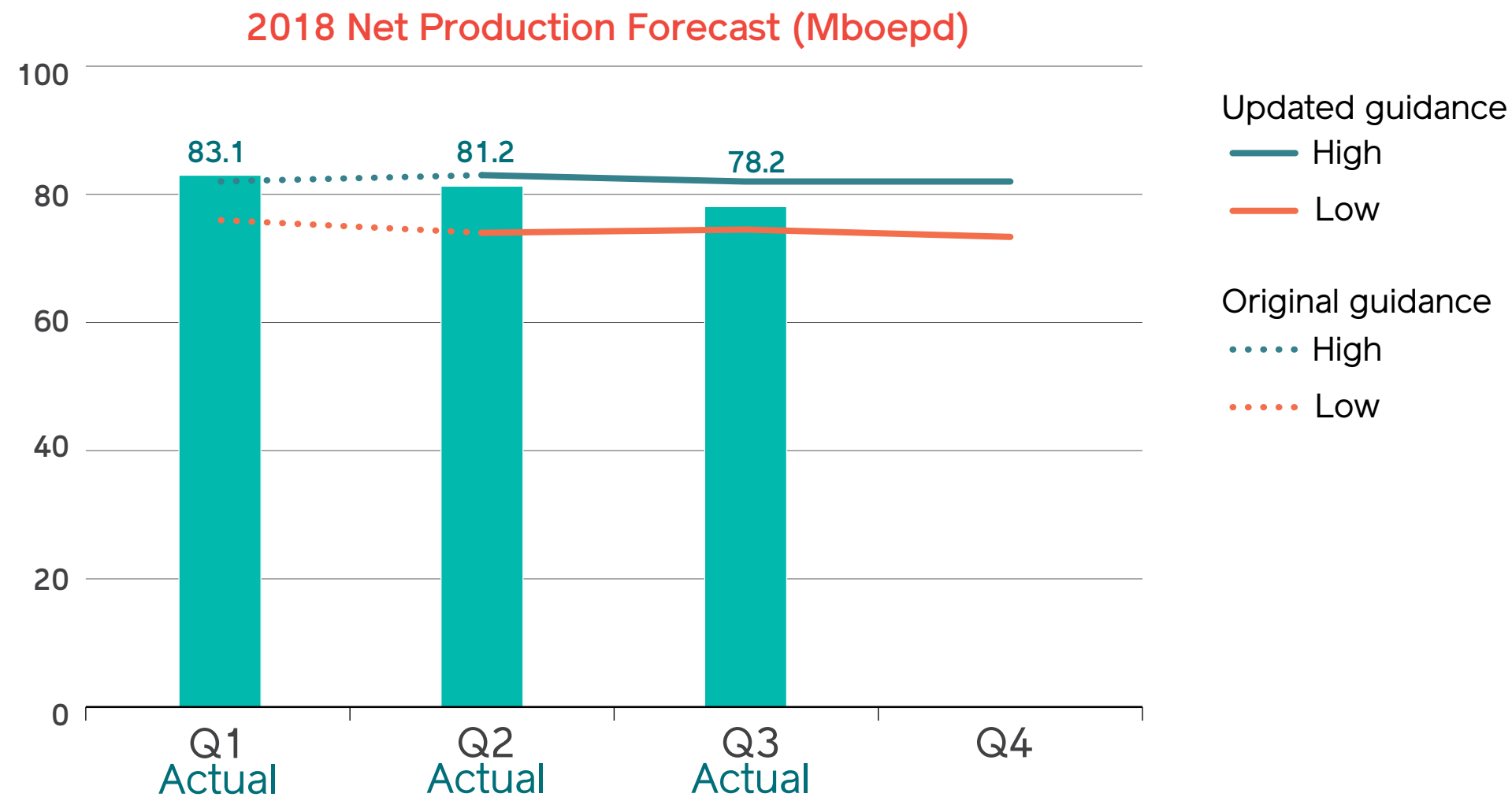


Excludes international assets

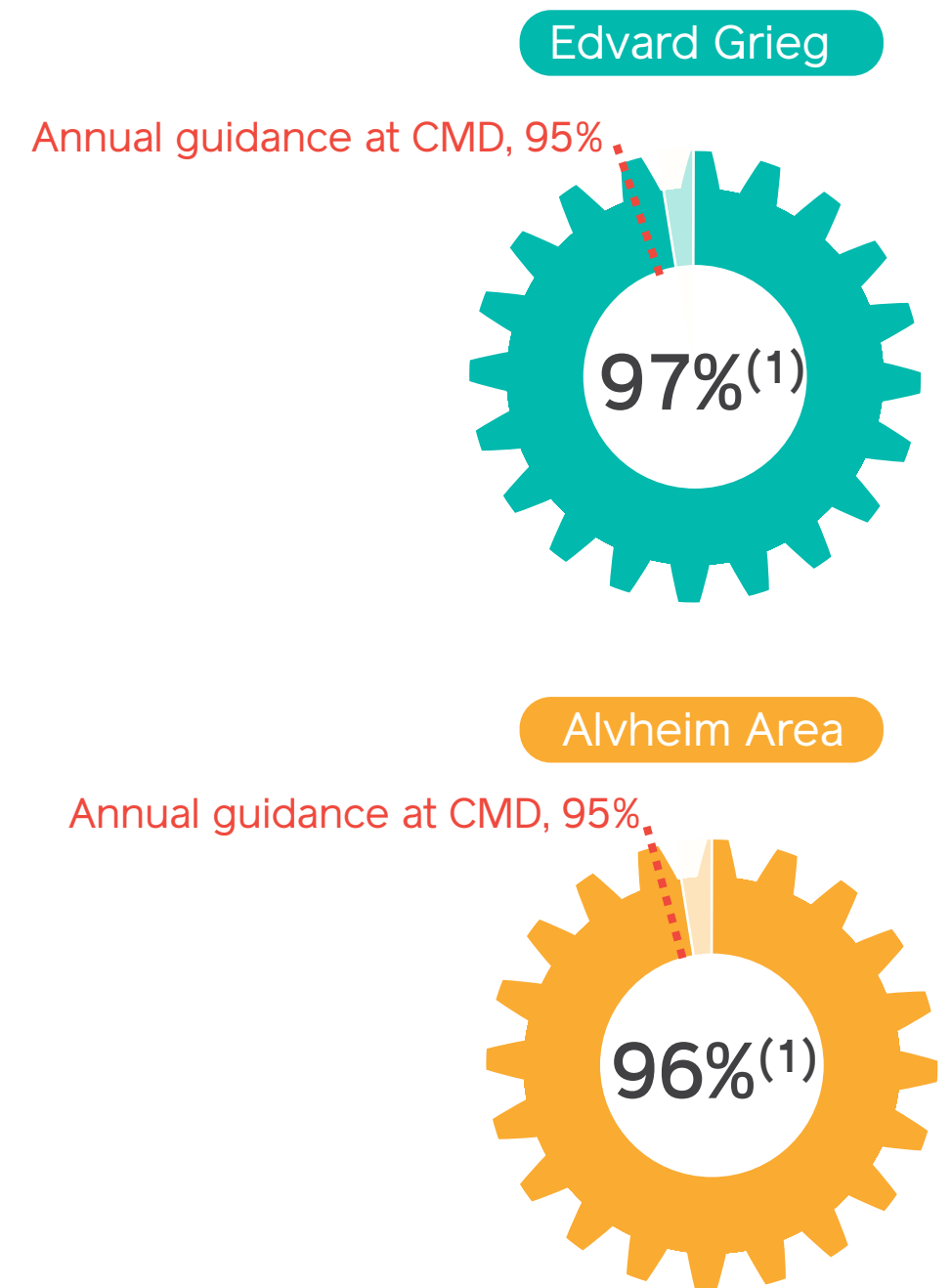
# Lundin Petroleum

## 2018 Production

- First nine months 2018 production of 80.8 Mboepd
  - ➔ In line with mid-point of updated guidance
  - ➔ Underpinned by strong facilities and reservoir performance
- 2018 updated production guidance: 78–82 Mboepd



### 2018 Production Efficiency



<sup>(1)</sup> First 9 months 2018

# Edvard Grieg

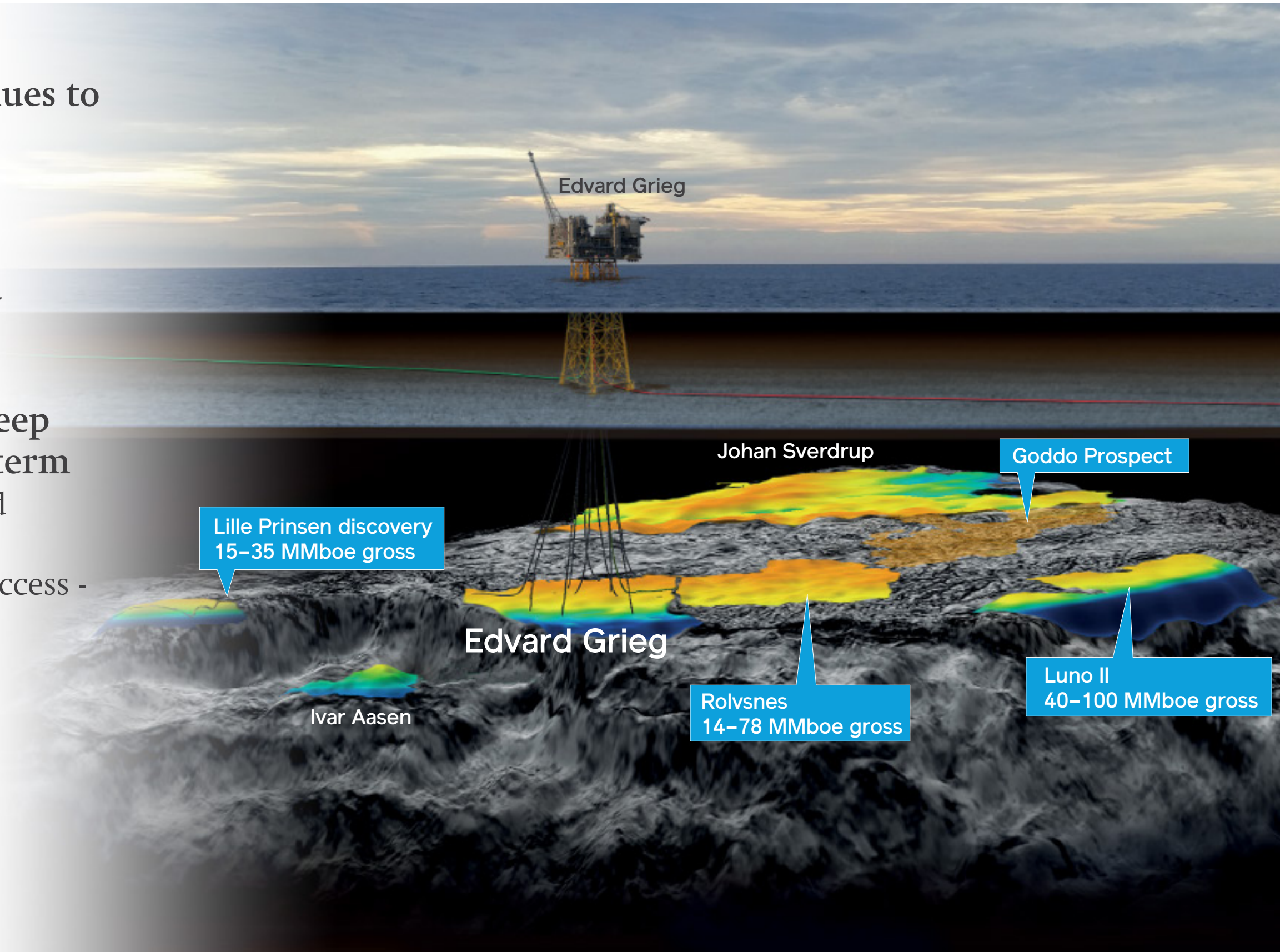
## Continues to Perform Above Expectations

### ➤ Reservoir performance continues to exceed expectations

- ➔ Well potential is double facility contractual capacity
- ➔ No material water production
- ➔ Production plateau extended by ~6 months to mid 2020

### ➤ Pipeline of opportunities to keep Edvard Grieg full in the long-term

- ➔ Successful Luno II appraisal and Lille Prinsen oil discovery
- ➔ Rolvsnes basement appraisal success - de-risks Goddo prospect

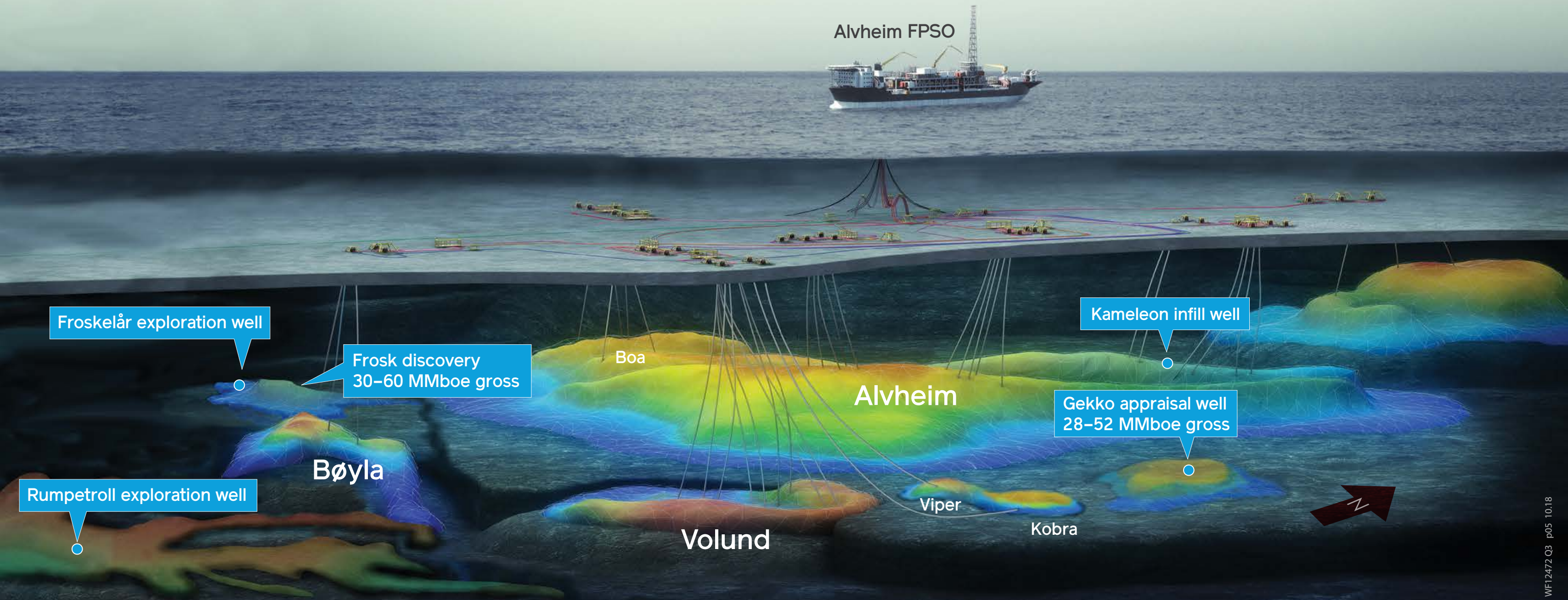


# Alvheim Area

## Continue to Add Resources

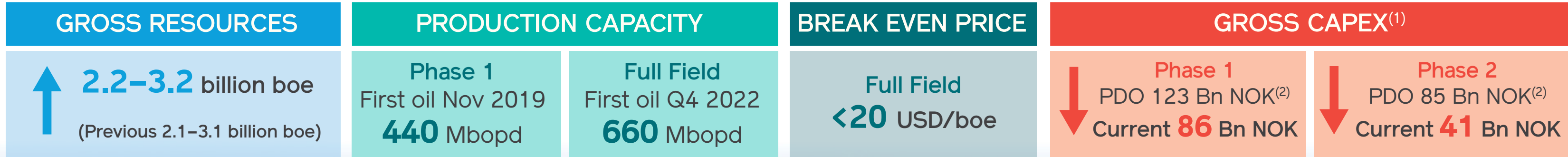
- ➔ Kameleon infill well completed  
- start-up early 2019
- ➔ Gekko appraisal well success

- ➔ Frosk area potential >200 MMboe gross
  - ➔ Froskelår and Rumpetroll exploration wells  
November 2018
  - ➔ Frosk production test well in 2019



# Johan Sverdrup

## Key Metrics Keep Improving



Working Interest – Johan Sverdrup Unit	
Equinor	40.0267%
Lundin	22.6000%
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 - Key Milestones being Delivered on Schedule





# Lundin Petroleum

## Appraisal - Progressing Resources to Reserves

### ➔ Luno II appraisal success

- ➔ Gross resources increased to 40 – 100 MMboe
- ➔ Equity alignment with Edvard Grieg - acquired Equinor 15%
- ➔ PDO early 2019

### ➔ Rolvsnes appraisal drilling/testing success

- ➔ Gross resources increased to 14 – 78 MMboe
- ➔ EWT sanction early 2019
- ➔ Appraisal (Rolvsnes + Goddo) gross potential resources of >250 MMboe

### ➔ Alta/Gohta appraisal drilling/testing

- ➔ Alta EWT drilling and testing success - resource increase expected
- ➔ Further appraisal 2019

### ➔ Frosk discovery

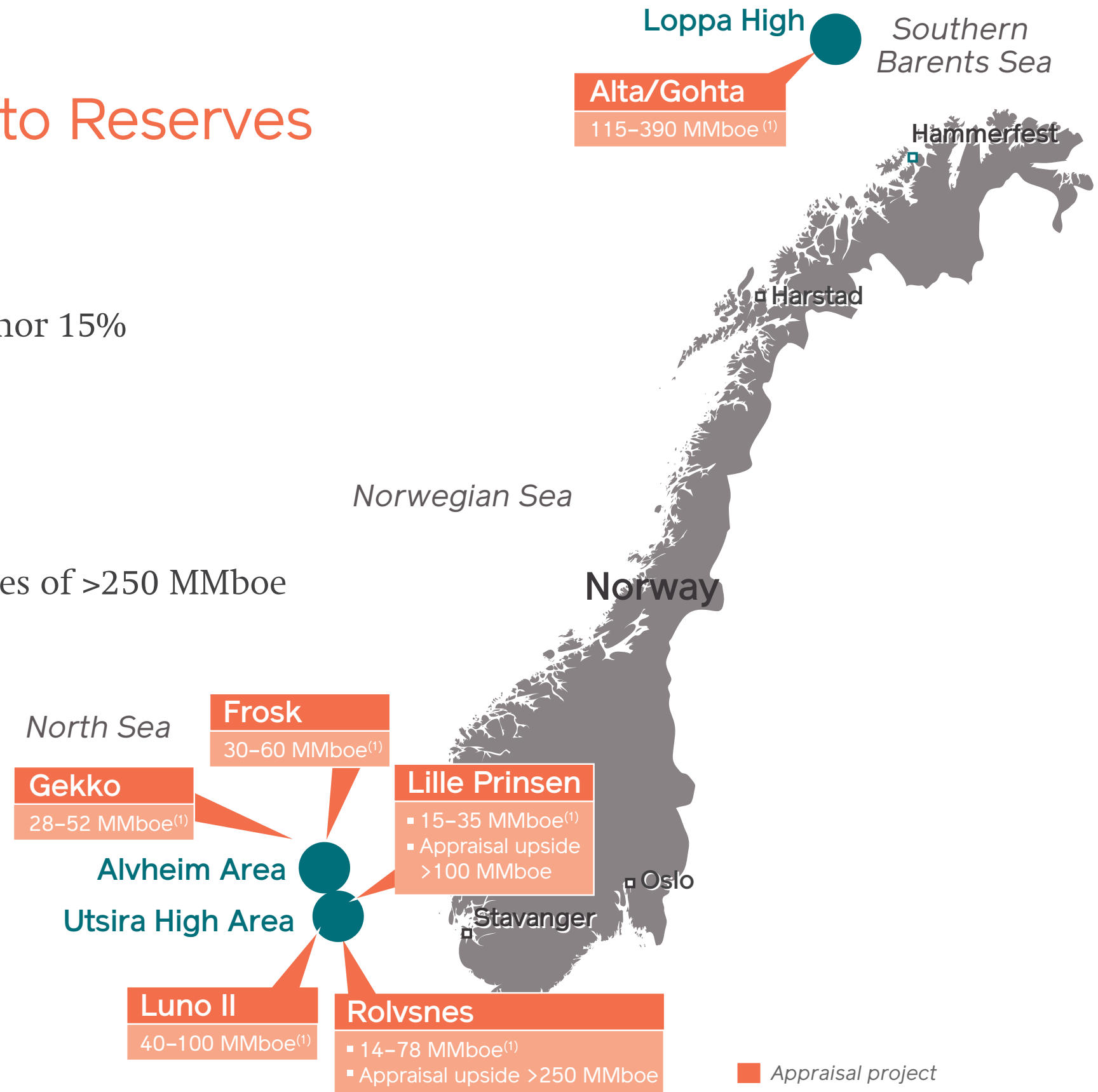
- ➔ 2 follow-up wells in Q4 2018
- ➔ Frosk production test well in 2019

### ➔ Lille Prinsen discovery

- ➔ Appraisal planned in 2019

### ➔ Gekko appraisal well success

- ➔ Gross resources increased to 28 – 52 MMboe

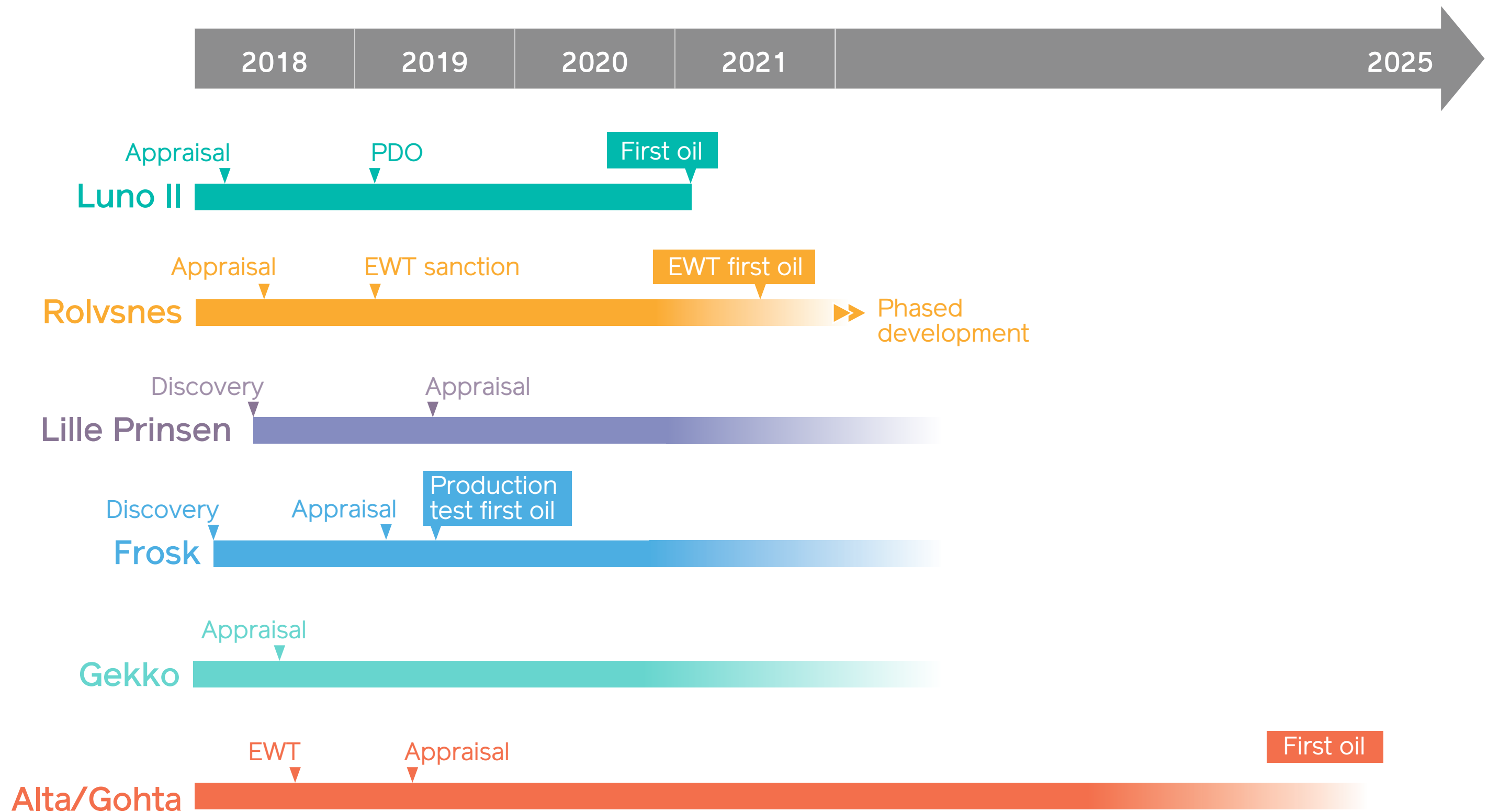


<sup>(1)</sup> Operator estimate of gross resources

# Lundin Petroleum

## Pipeline of Potential New Projects

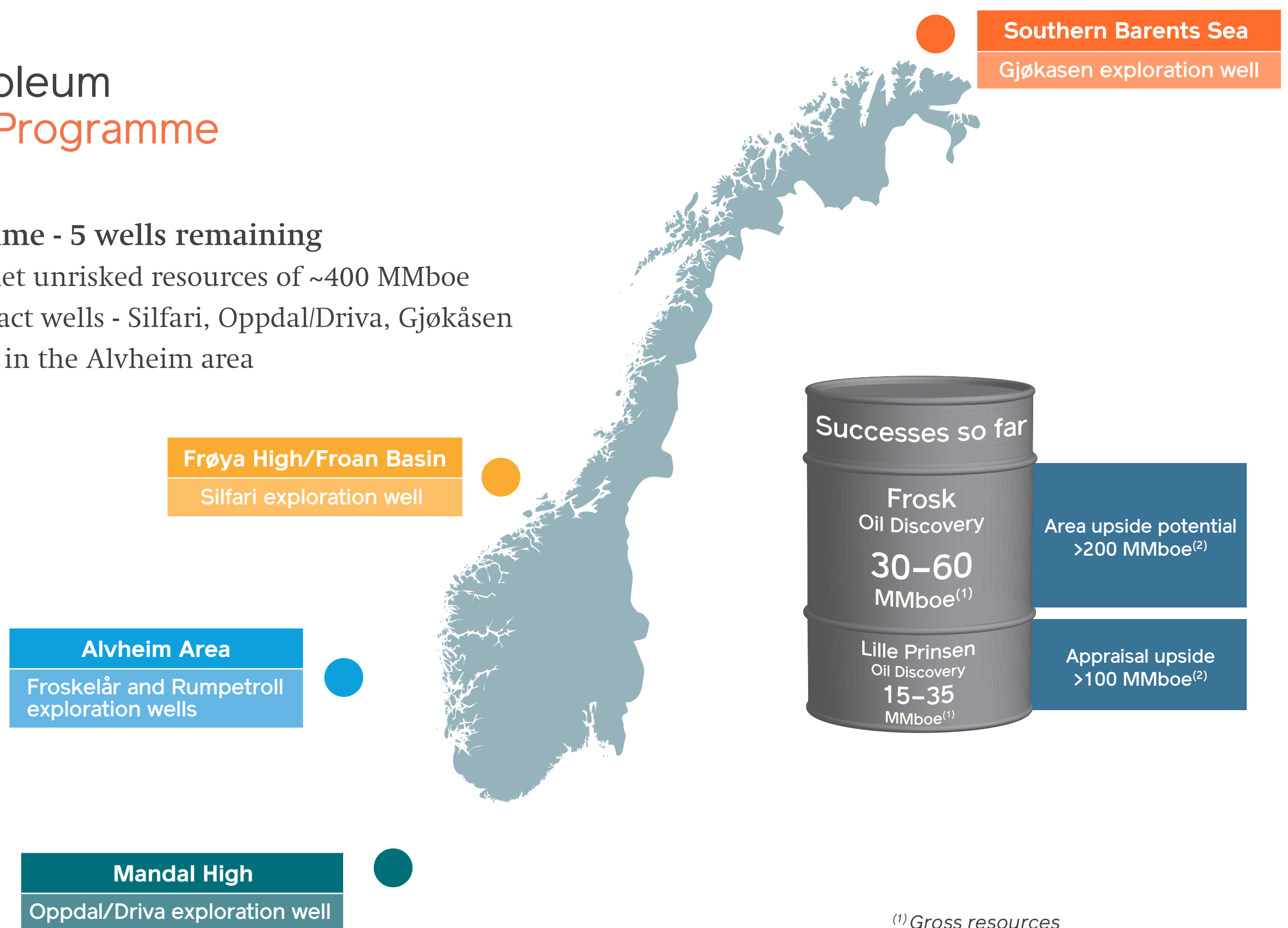
6 potential new projects



# Lundin Petroleum Exploration Programme

## 2018 programme - 5 wells remaining

- Targeting net unrisked resources of ~400 MMboe
- 3 high impact wells - Silfari, Oppdal/Driva, Gjøkåsen
- 2 key wells in the Alvheim area



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

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

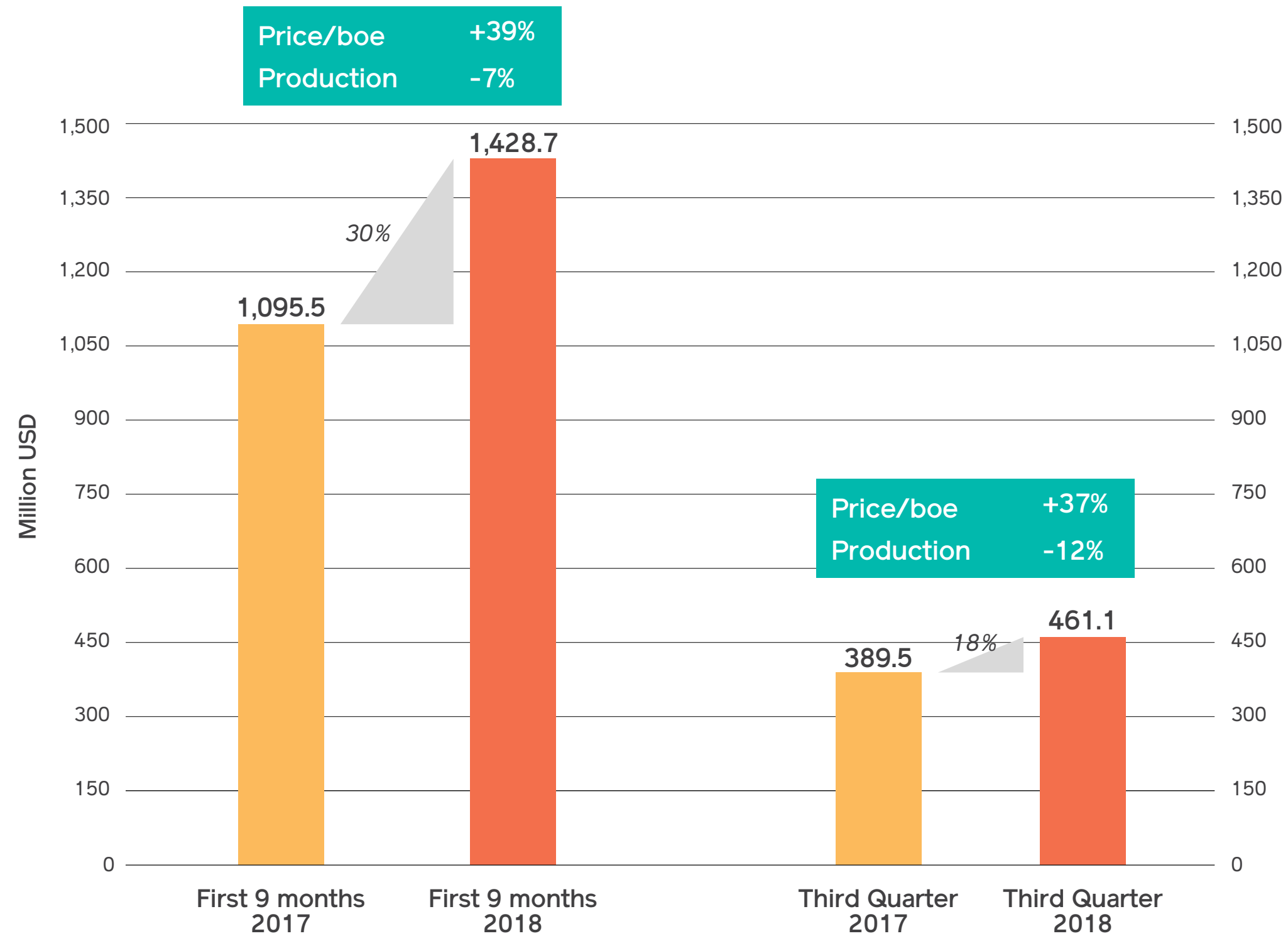
# First Nine Months 2018

## Financial Highlights

	Third Quarter 2018	First 9 months 2018
Production (boepd)	78.2	80.8
Average Brent oil price (USD/boe)	75.16	72.13
Operating costs (USD/boe)	3.88	3.49
Operating cash flow (MUSD)	461.1	1,428.7
EBITDA (MUSD)	503.5	1,467.7
Free cash flow (MUSD)	228.7	489.7
Net result (MUSD)	62.6	327.4

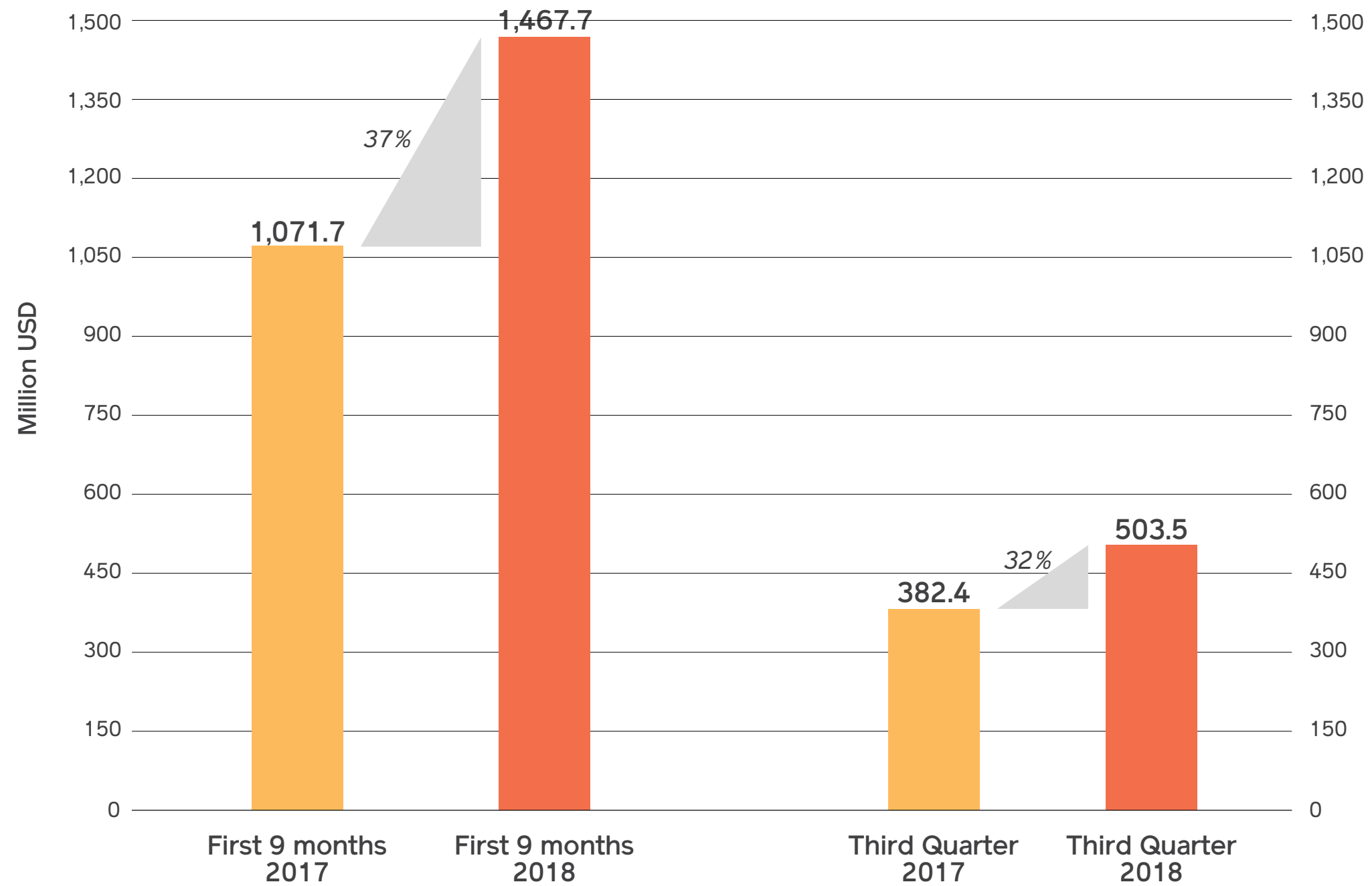
# First Nine Months 2018

## Operating Cash Flow



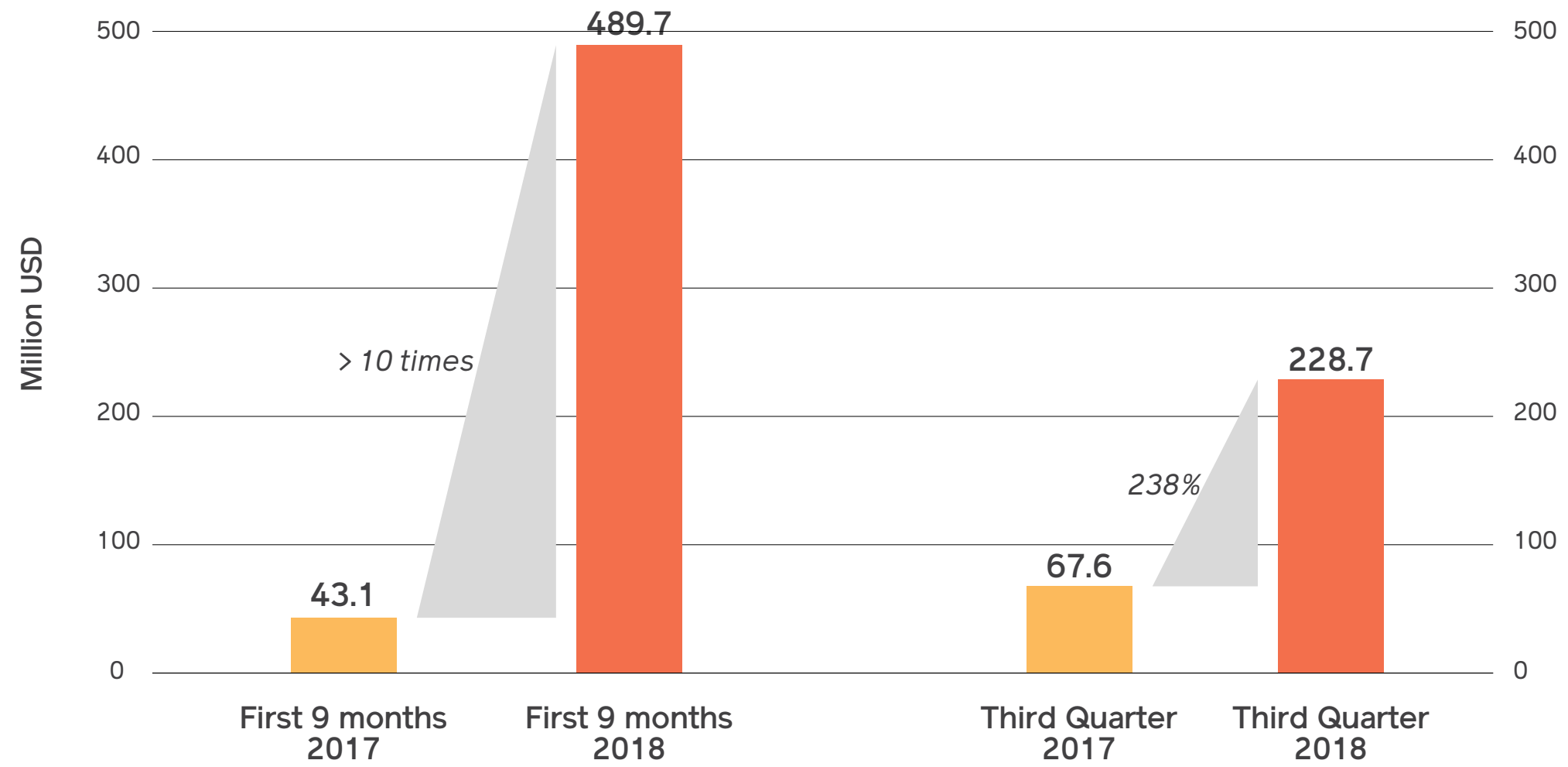
# First Nine Months 2018

## EBITDA



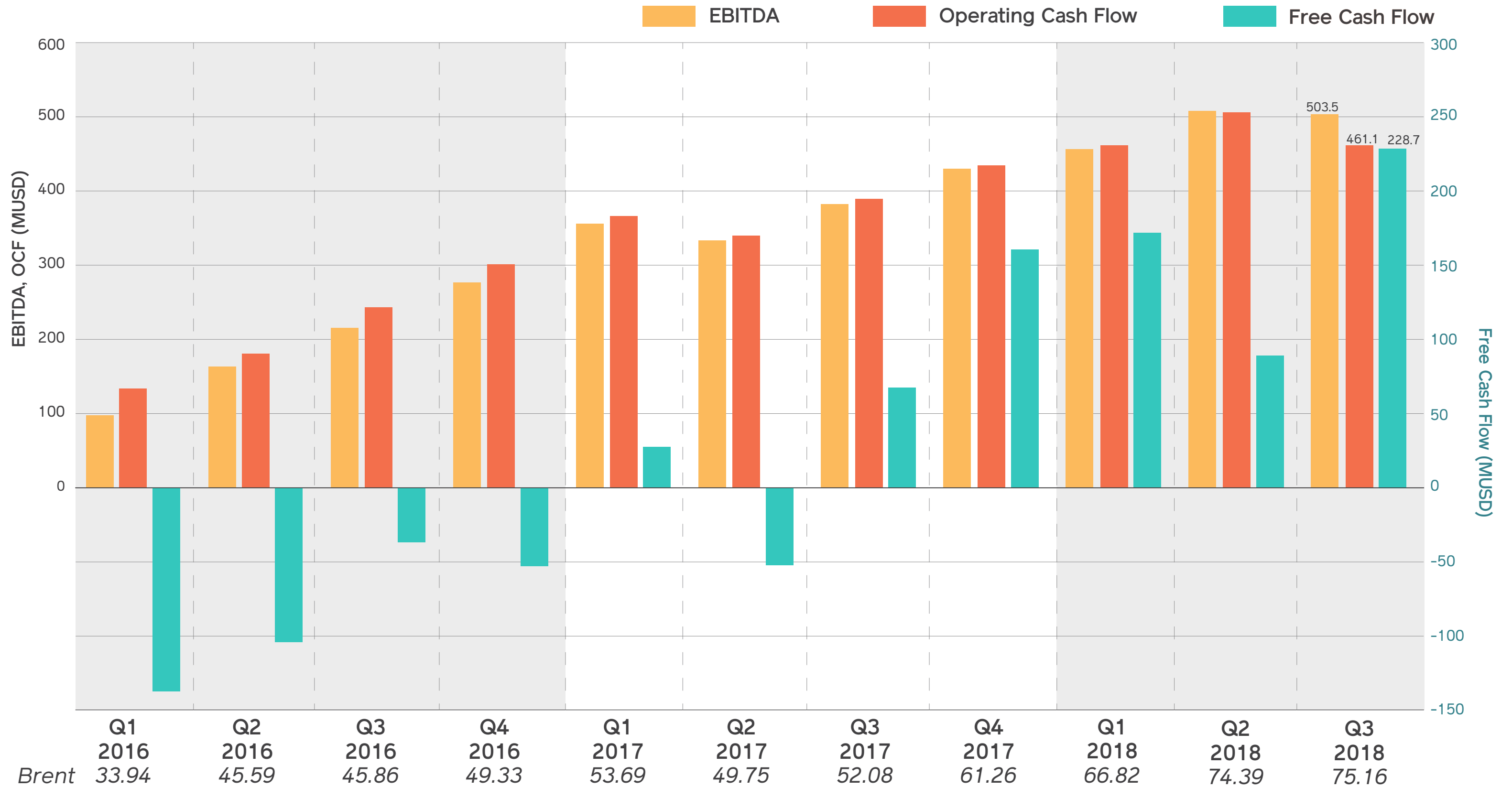
# First Nine Months 2018

## Free Cash Flow



# Financial Results

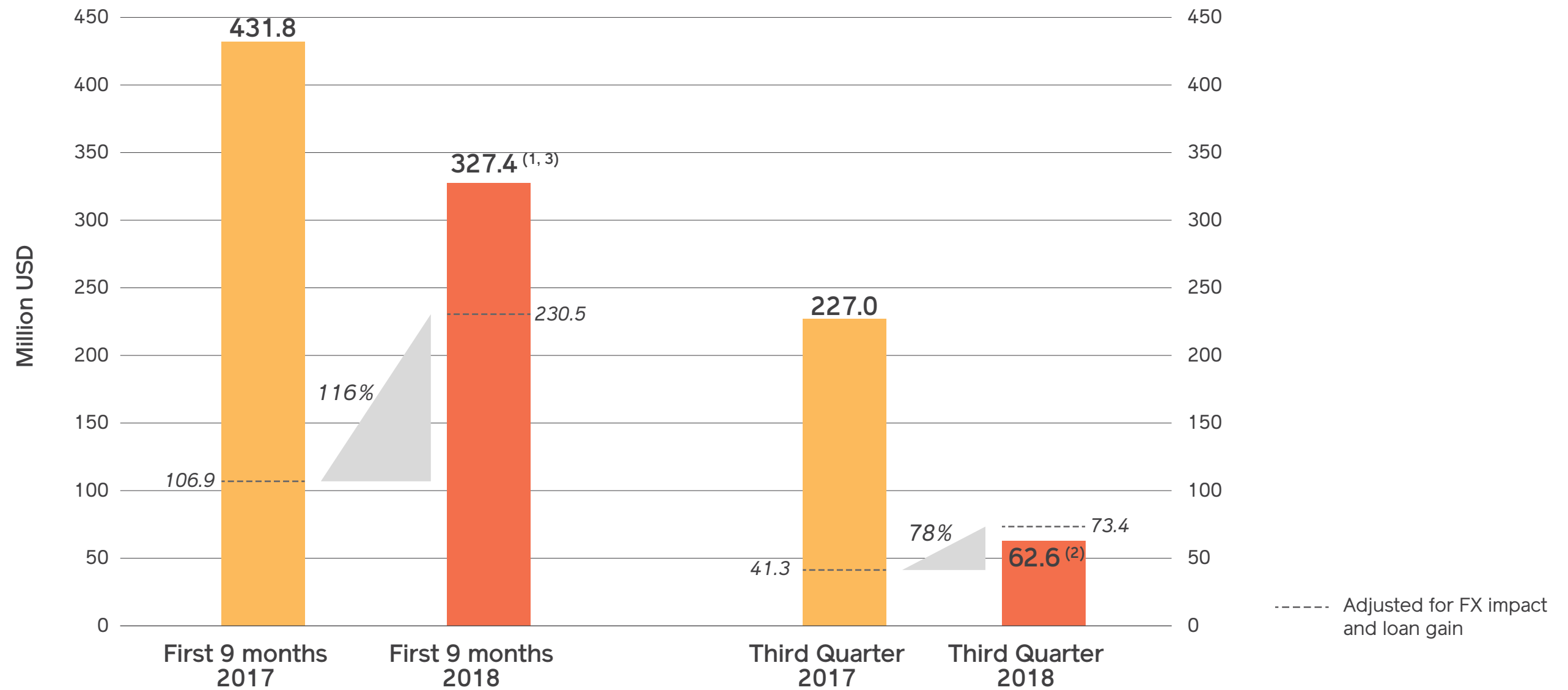
## EBITDA - OCF - FCF





# First Nine Months 2018

## Net Results after Tax



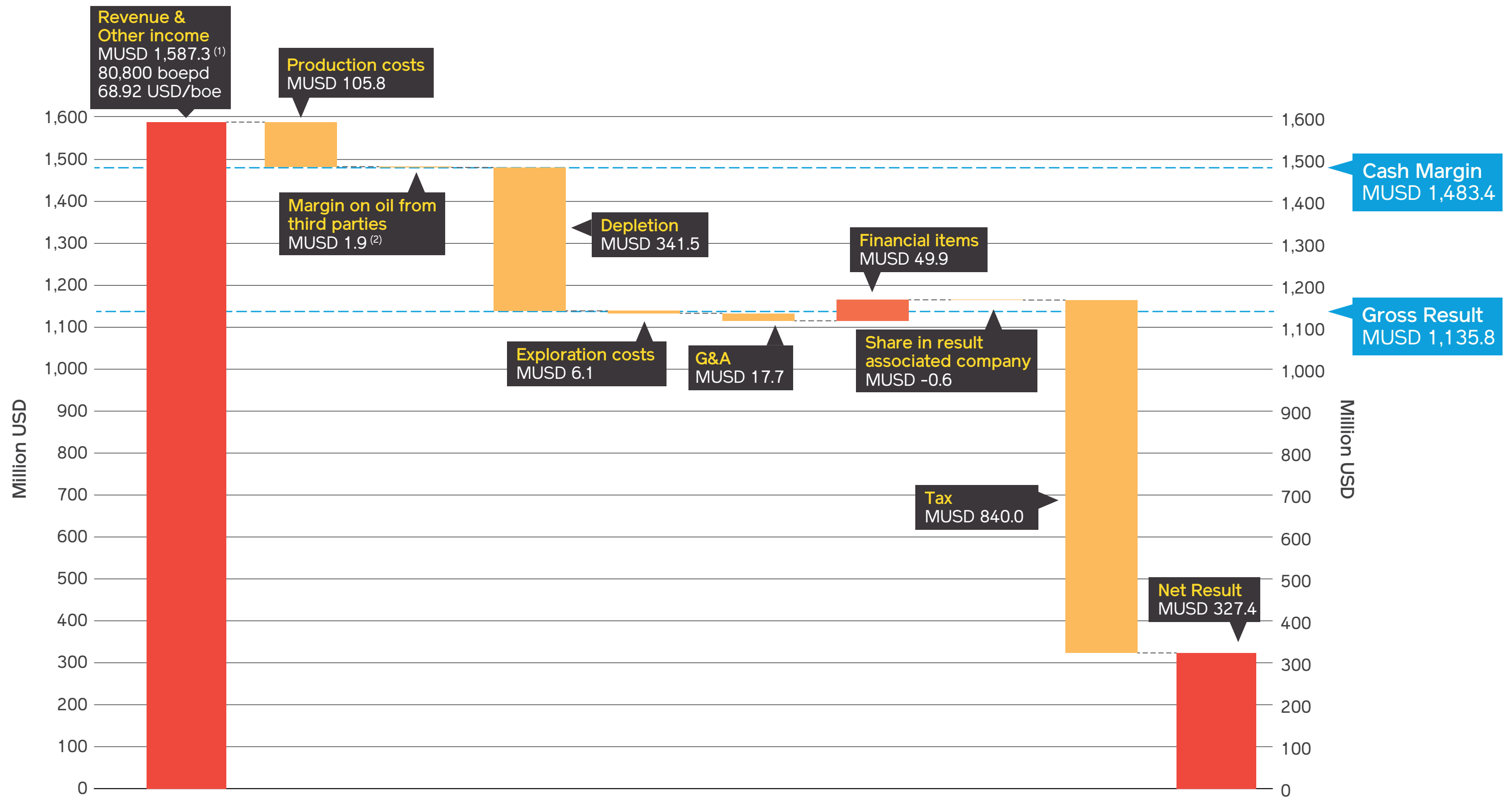
<sup>(1)</sup> Includes decrease in net foreign exchange gain compared to first 9 months 2017 of MUSD 326.1

<sup>(2)</sup> Includes decrease in net foreign exchange gain compared to third quarter 2017 of MUSD 196.5

<sup>(3)</sup> Includes post tax accounting gain on loan modification of MUSD 98.1

# First Nine Months 2018

## Income Statement

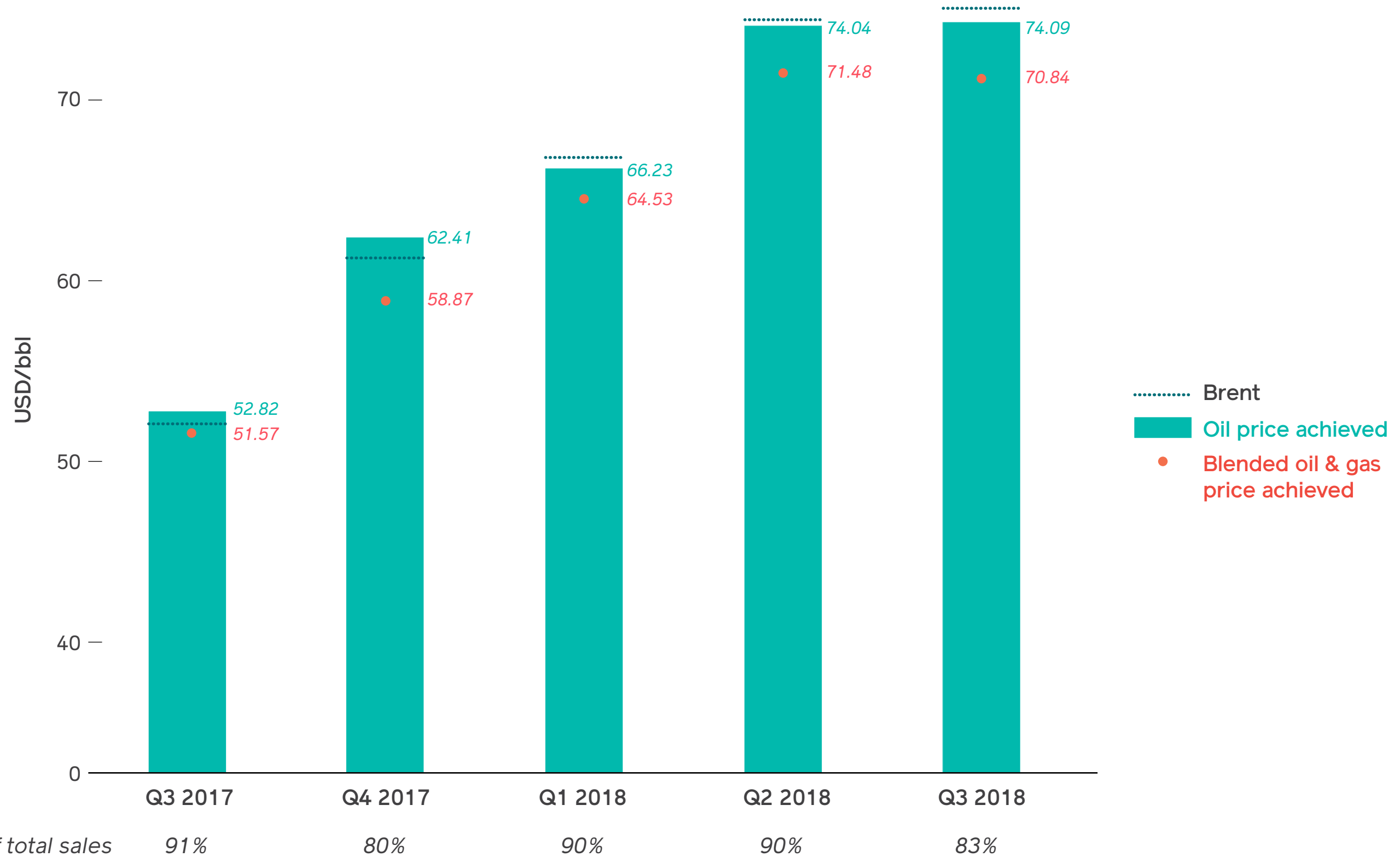


<sup>(1)</sup> Revenue and other income includes changes in under/overlift positions and excludes revenue from third party activities

<sup>(2)</sup> Margin consists of revenue from third party activities (MUSD 419.1) less purchase of crude oil from third parties (MUSD 417.2)

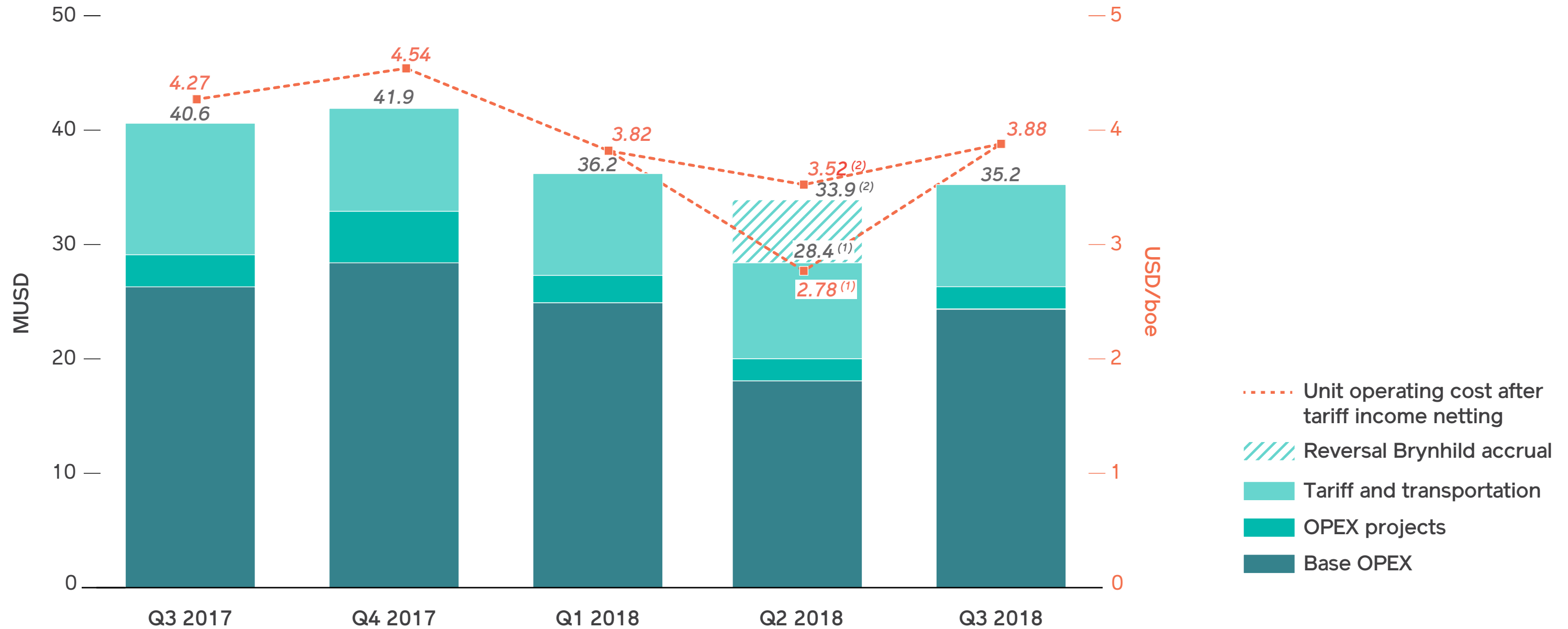
# First Nine Months 2018

## Realised Prices



# First Nine Months 2018

## Operating Costs



<sup>(1)</sup> Includes the reversal of an accrual from the Brynhild field of MUSD 5.5

<sup>(2)</sup> Excludes the reversal of an accrual from the Brynhild field of MUSD 5.5

# First Nine Months 2018

## G&A / Financial Items

	Third Quarter 2018 MUSD	First 9 months 2018 MUSD
<b>General &amp; Administration Expenses</b>		
General & administration	3.2	14.3
Long Term Incentive Plan	1.0	3.4
	<b>4.2</b>	<b>17.7</b>
<b>Net Financial Cost Items</b>		
Foreign exchange loss <sup>(1)</sup>	10.8	1.2
Loan modification gain netted <sup>(2)</sup>	-	-166.4
Unwinding of loan modification gain	11.4	15.1
Interest expense <sup>(3)</sup>	19.6	68.7
Result on interest rate hedges	-1.8	-0.1
Loan commitment fees	2.9	9.7
Amortisation of loan fees	4.3	13.5
Other	4.2	8.4
	<b>51.4</b>	<b>-49.9</b>

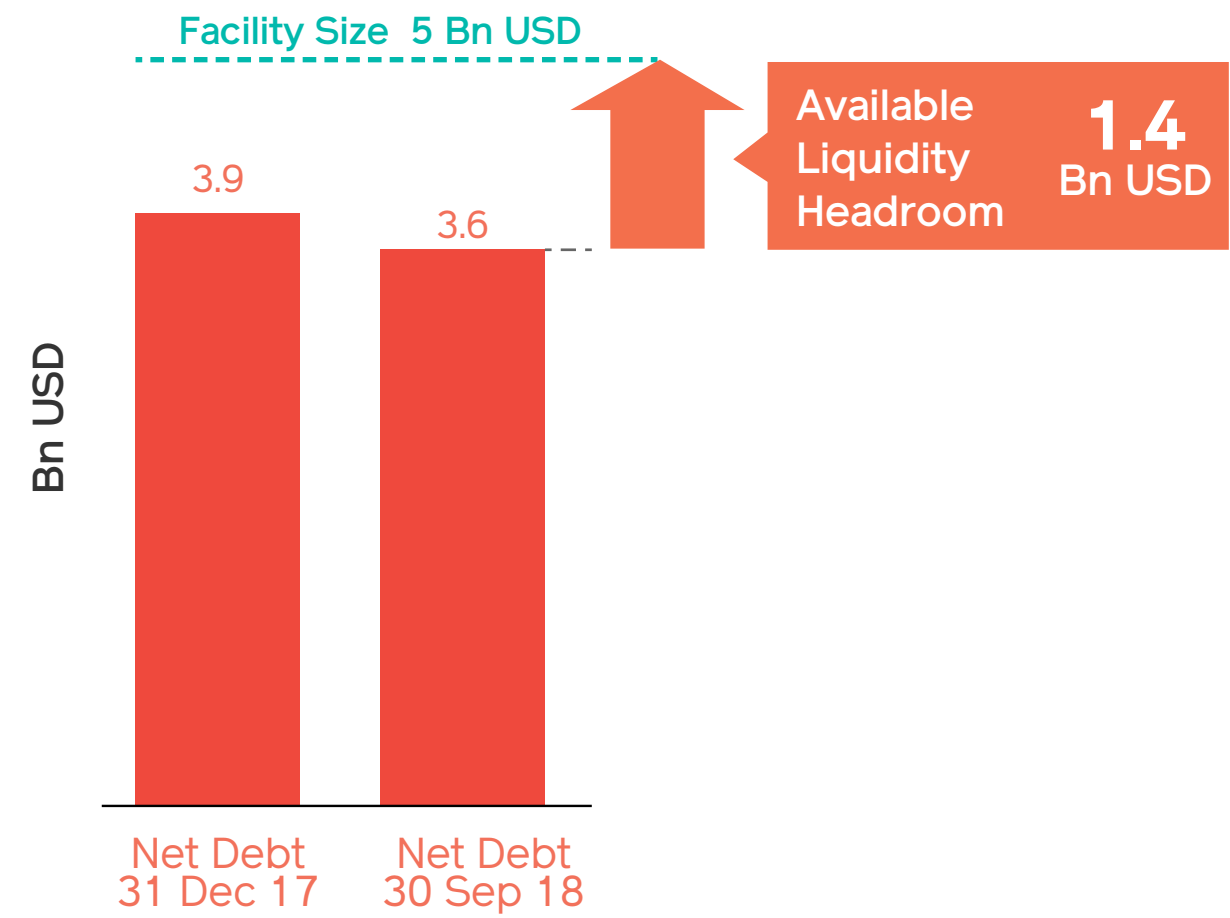
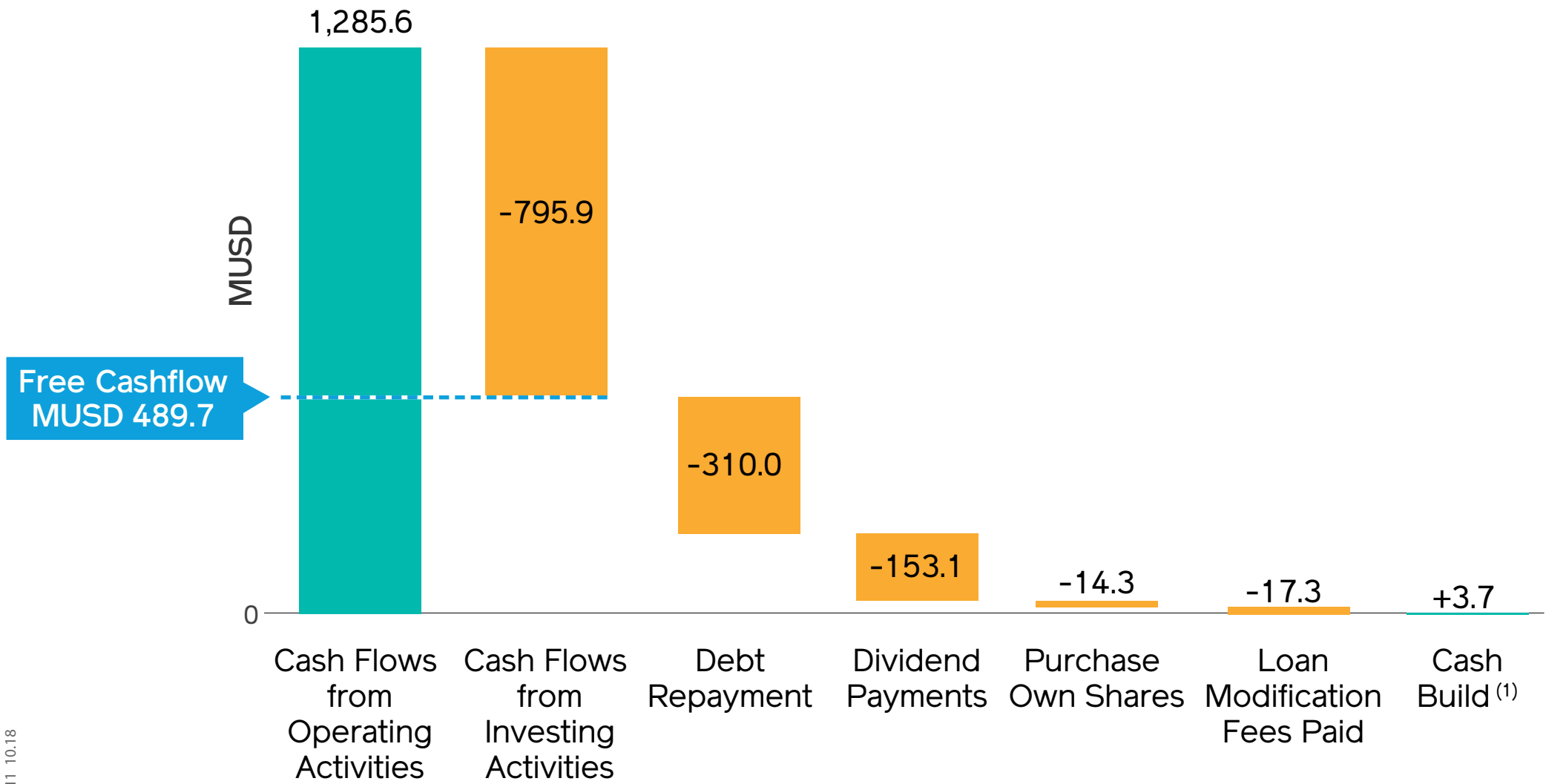
<sup>(1)</sup> Includes MUSD 7.4 gain on settled currency hedges

<sup>(2)</sup> Loan modification gain of MUSD 183.7 offset by loan modification fees of MUSD 17.3

<sup>(3)</sup> An additional amount of interest expense of MUSD 64.9 has been capitalised in the reporting period

# First Nine Months 2018

## Cash Flow, Debt Position and Liquidity



<sup>(1)</sup> Includes MUSD 8.7 FX gain

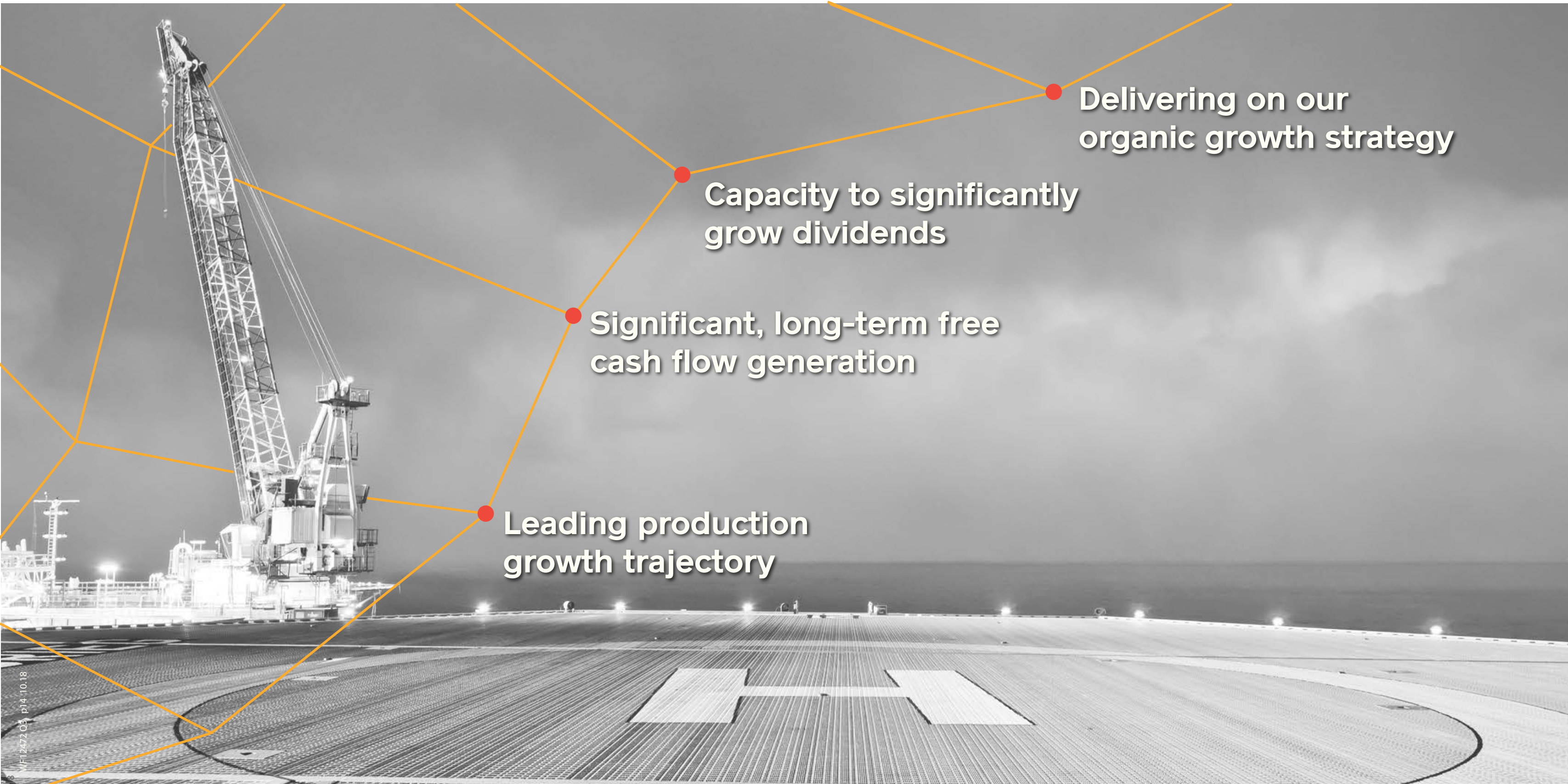
2018

Latest Guidance Compared to CMD

	CMD	Latest Guidance
Production Guidance (Mboepd)	74–82	78–82
Operating costs (USD/boe)	4.15	<3.80
CAPEX (MUSD)	800	800
E&A Expenditure (MUSD)	250	300

# Lundin Petroleum

## Industry Leading Value Creation



Delivering on our organic growth strategy

Capacity to significantly grow dividends

Significant, long-term free cash flow generation

Leading production growth trajectory



# Disclaimer

## Forward-Looking Statements

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