

# Financial Presentation

## Year End 2015

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3 February 2016



# Year End 2015

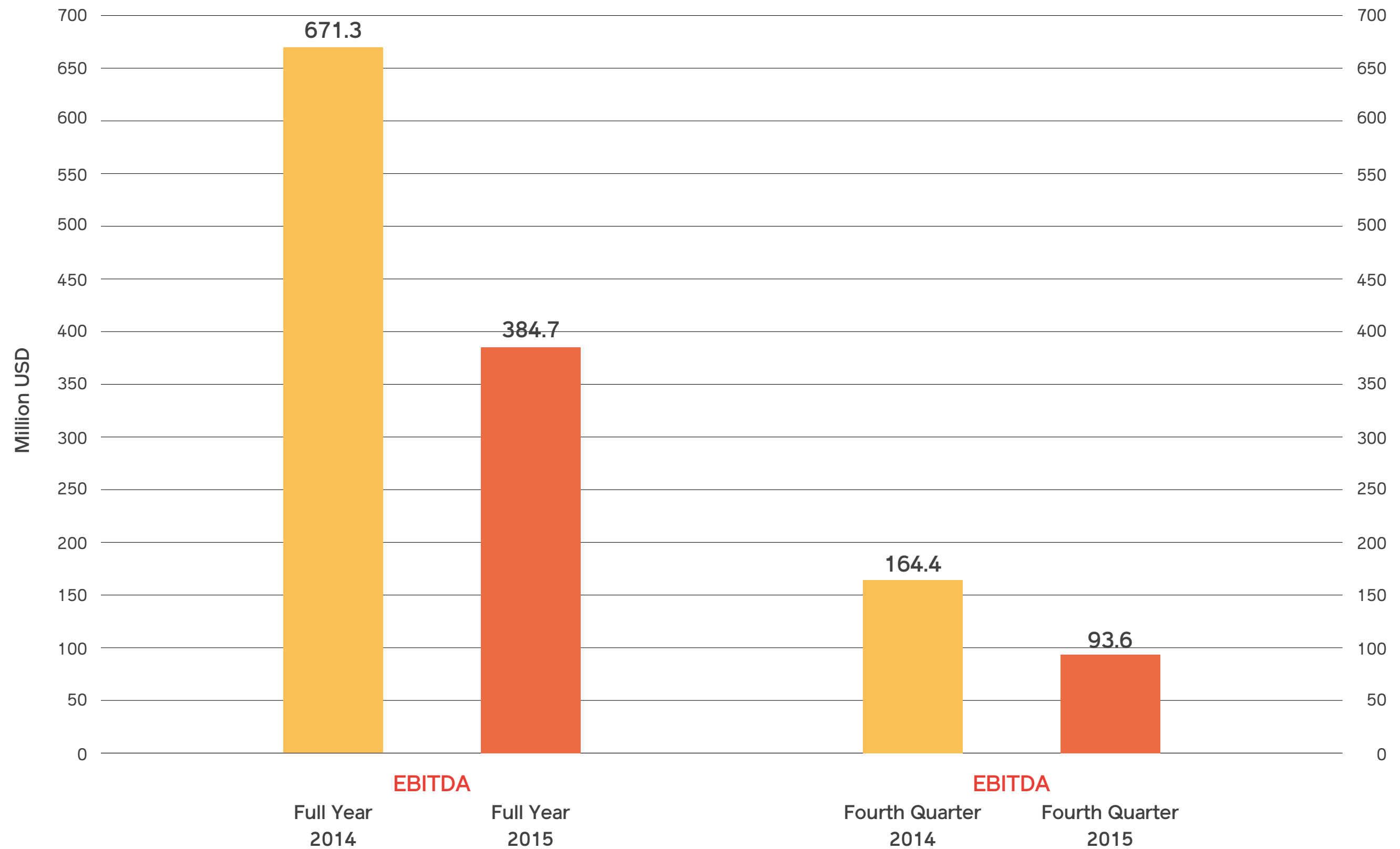
## Financial Highlights

	Fourth Quarter 2015	Full Year 2015
Production (boepd)	38,300	32,300
Average Brent oil price (USD/boe)	43.76	52.39
Cost of operations (USD/boe)	9.31	10.27
EBITDA (MUSD)	93.6	384.7
Operating cash flow (MUSD)	175.4	699.6
Net result (MUSD)	-493.7	-866.3 <sup>(1)</sup>

<sup>(1)</sup> Includes a non-cash impairment charge of MUSD 296.3 and a largely non-cash foreign exchange loss of MUSD 507.3

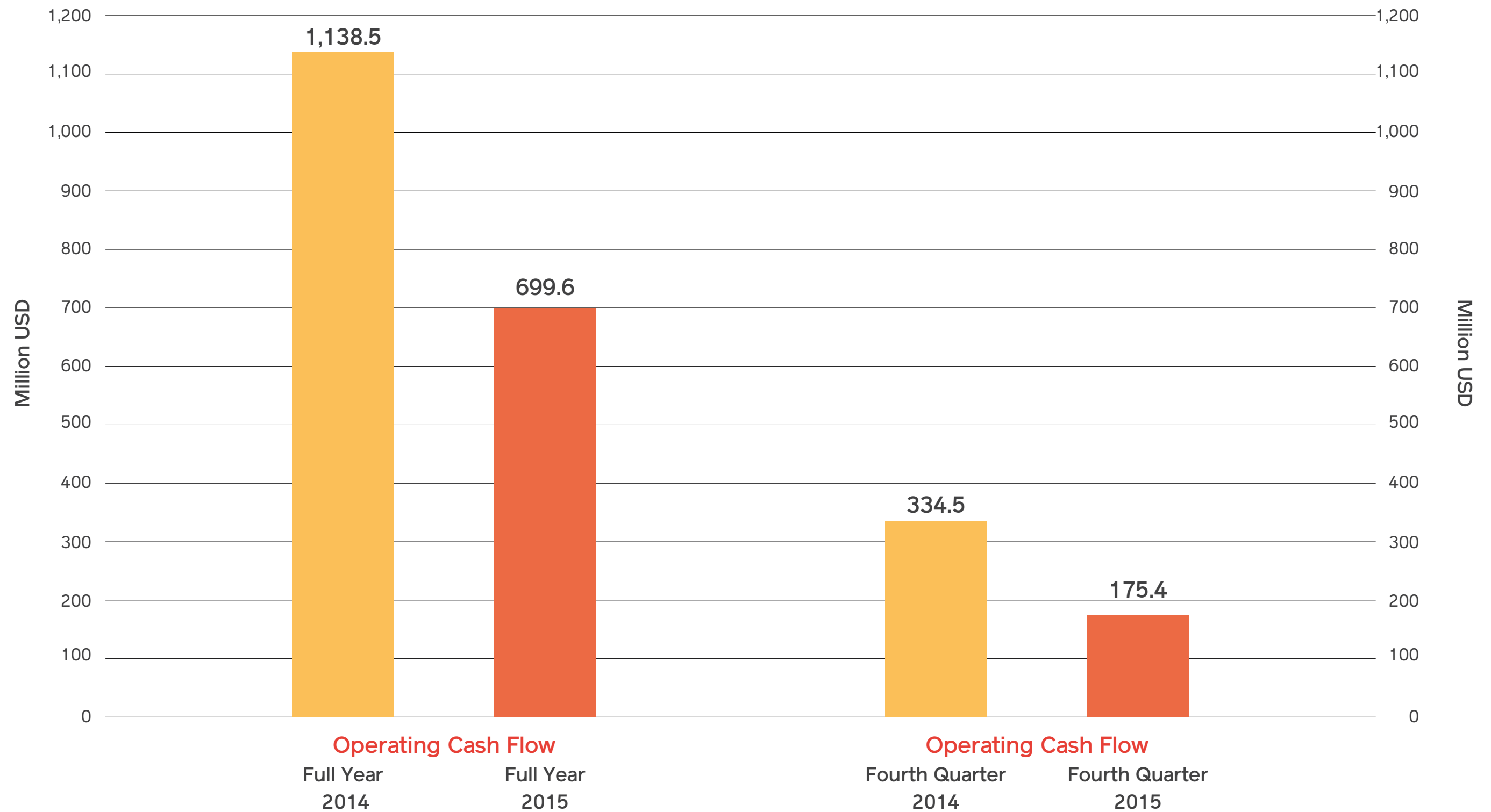
# Full Year 2015

## Financial Results - EBITDA



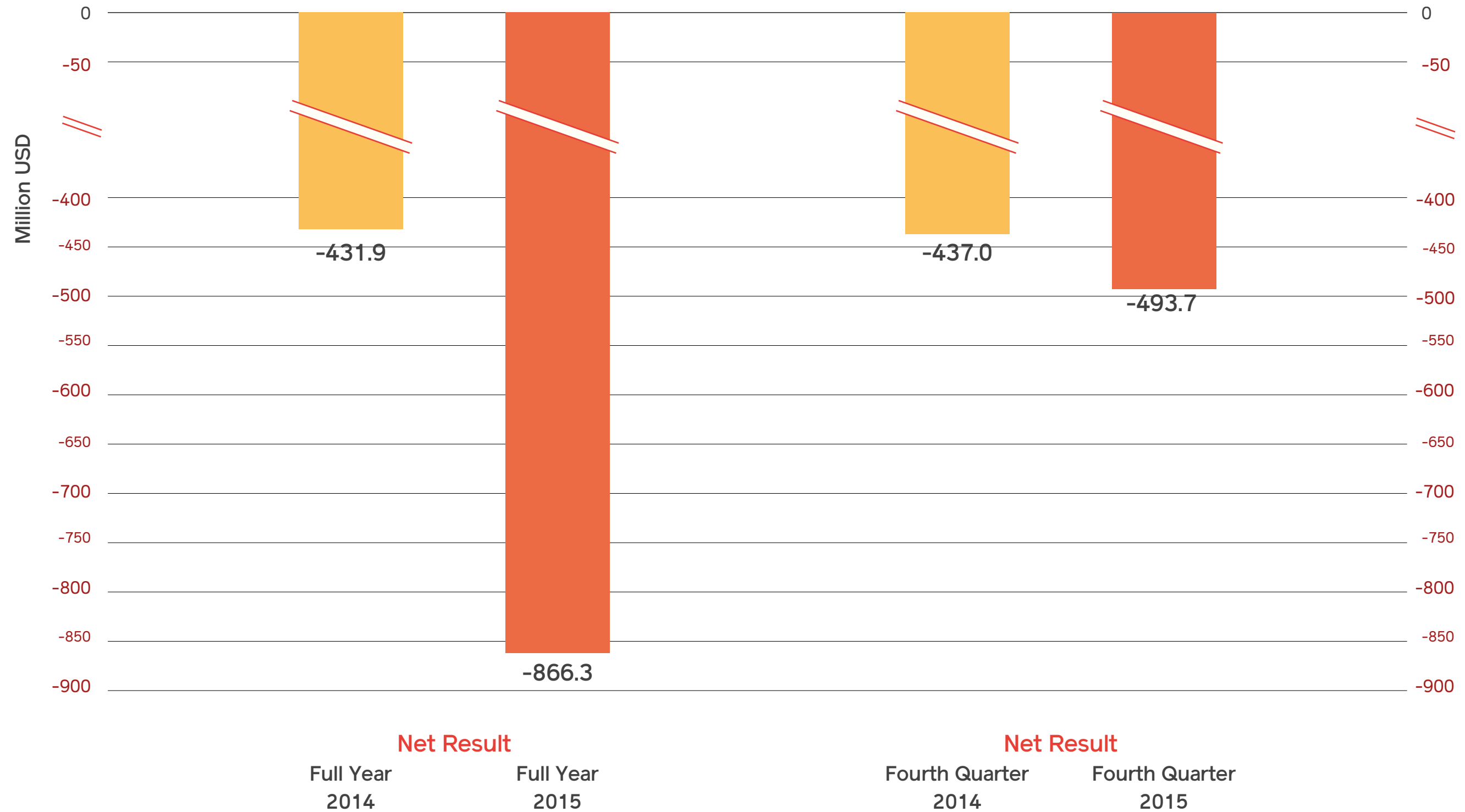
# Year End 2015

## Financial Results - Operating Cash Flow

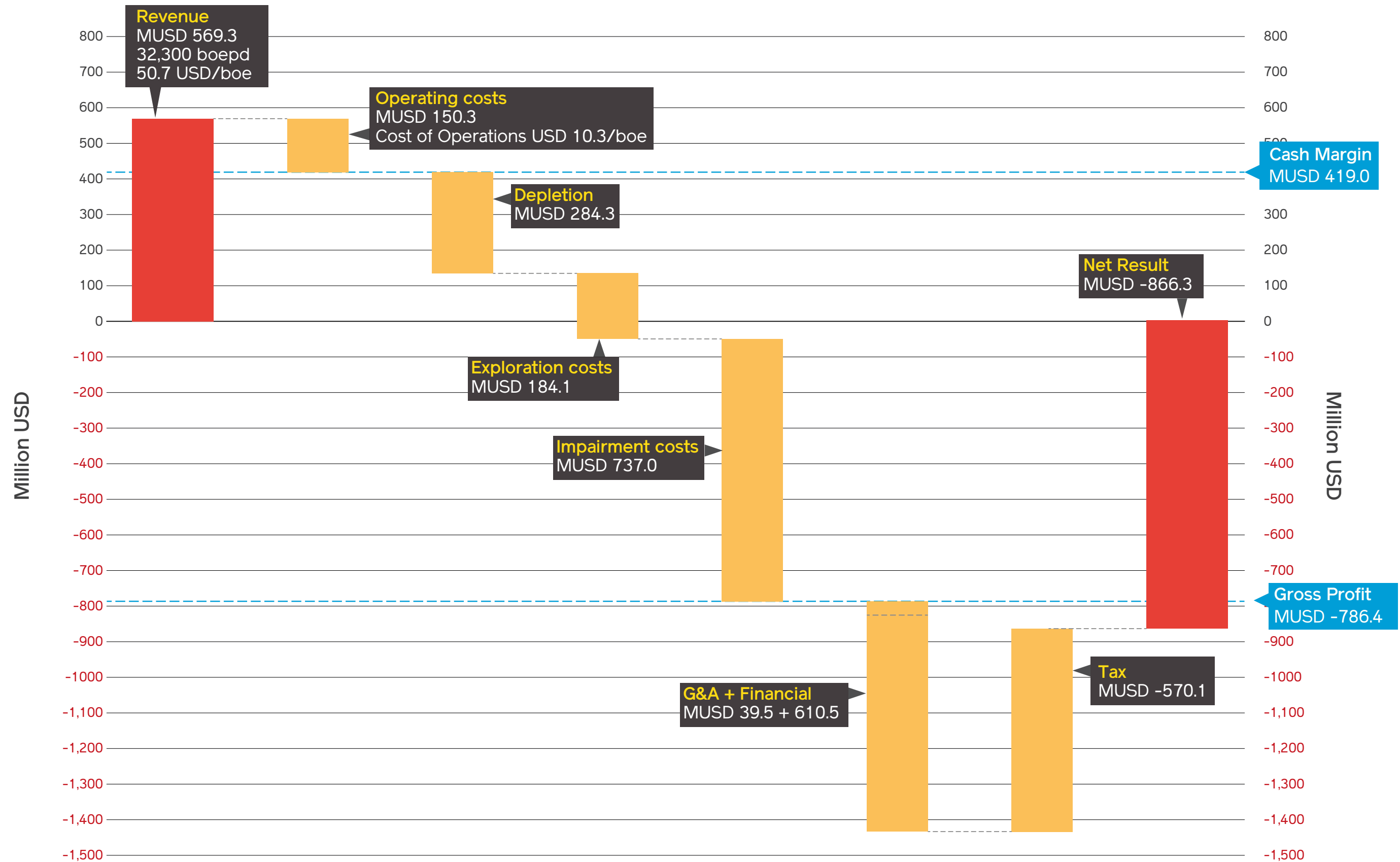


# Full Year 2015

## Financial Results - Net Result



# Year End 2015 Financial Results



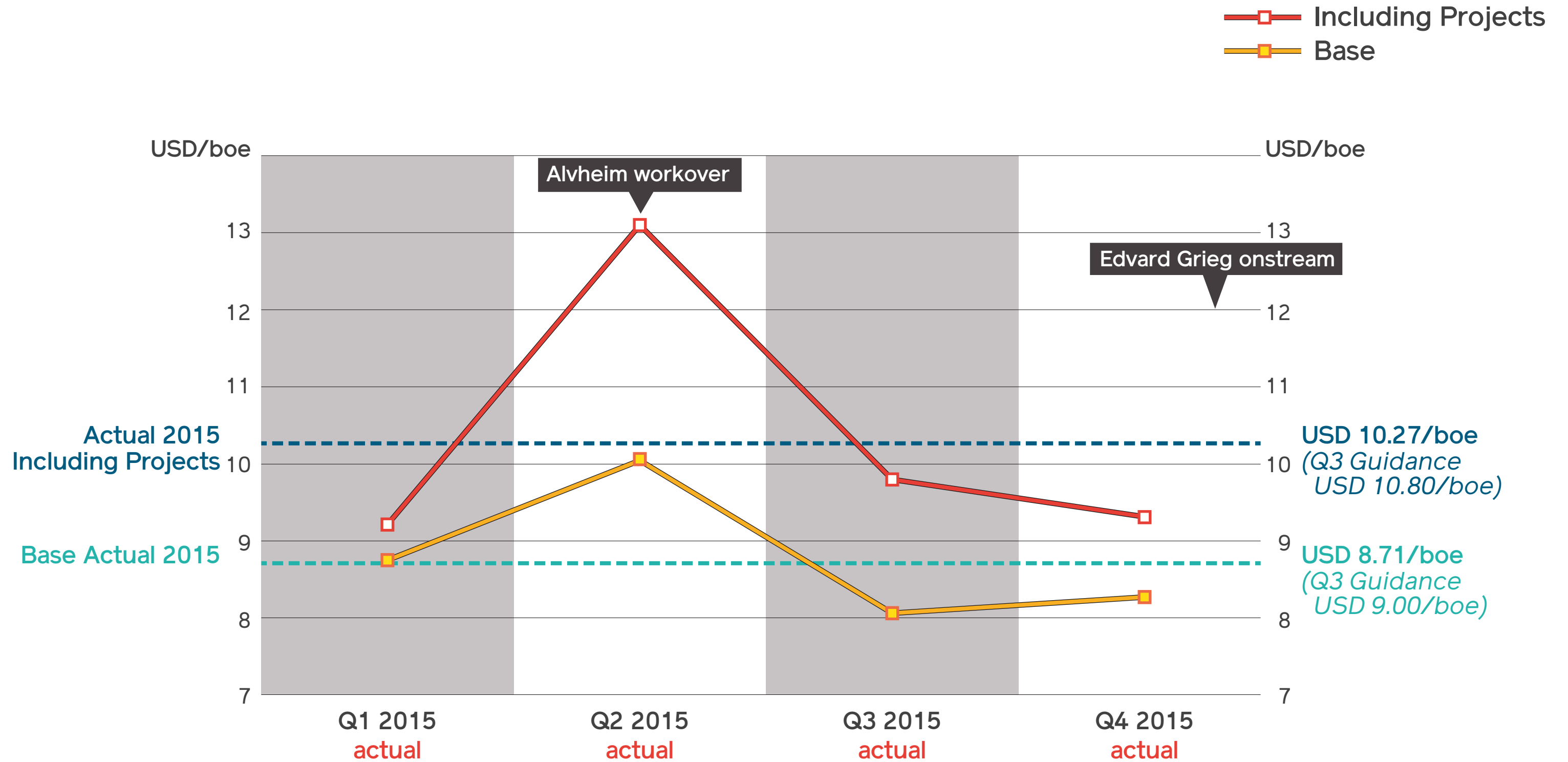
# Year End 2015

## Margin Netback (USD/boe)

	Fourth Quarter 2015	Full Year 2015
<i>Average Brent oil price USD/boe</i>	43.76	52.39
<b>Revenue</b>	38.55	48.28
Cost of operations - <i>Base</i>	-8.27	-8.71
- <i>Projects</i>	-1.04	-1.56
Tariff & transportation	-1.05	-1.00
Production taxes	-0.25	-0.29
Inventory movements	1.94	-1.07
Other	-1.46	-2.25
<b>Cash Margin</b>	<b>28.42</b>	<b>35.54</b>
Cash taxes	21.30	23.80
<b>Operating Cash Flow</b>	<b>49.72</b>	<b>59.34</b>
General and administration costs <sup>(1)</sup>	-1.89	-2.91
<b>EBITDA</b>	<b>26.53</b>	<b>32.63</b>

<sup>(1)</sup> Adjusted for depreciation

# Year End 2015 Cost of Operations





# Year End 2015

## Exploration Costs

	Fourth Quarter 2015 MUSD	Fourth Quarter 2015 after Tax MUSD	Full Year 2015 MUSD	Full Year 2015 after Tax MUSD
<b>Norway</b> (PL338C Gemini, PL674BS Zulu, PL579 Morkel, PL734 Zeppelin, and PL708 Ørnen)	31.2	6.9	146.5	32.2
<b>Malaysia</b> (PM307 Mengkuang, PM308A Selada and SB307/308 Imbok)	36.3	36.3	36.3	36.3
<b>Other</b>	0.3	0.2	1.3	0.9
<b>Exploration Costs</b>	<b>67.8</b>	<b>43.4</b>	<b>184.1</b>	<b>69.4</b>

# Year End 2015 Impairment Costs

	<i>MUSD</i>	Fourth Quarter & Full Year 2015	Fourth Quarter & Full year 2015 after Tax
Norway (Brynhild)		526.0	109.9
Malaysia (Bertam)		165.9	141.3
(exploration)		25.9	25.9
Indonesia (exploration)		19.2	19.2
<b>Impairment Costs</b>		<b>737.0</b>	<b>296.3</b>

# Year End 2015

## G & A / Financial Items

	Fourth Quarter 2015 MUSD	Full Year 2015 MUSD
<b>General &amp; Administration Expenses</b>		
General & administration	7.1	32.4
Long Term Incentive Plan	1.2	7.1
	<b>8.3</b>	<b>39.5</b>
<b>Net Financial Items</b>		
Foreign exchange loss <sup>(1)</sup>	129.2	507.3
Interest expense <sup>(2)</sup>	24.4	71.4
Loan commitment fees	1.0	7.7
Amortisation of loan fees	3.1	12.4
Other	-0.7	11.7
	<b>157.0</b>	<b>610.5</b>

<sup>(1)</sup> 2015 actual includes MUSD 132.7 loss on settled currency hedges

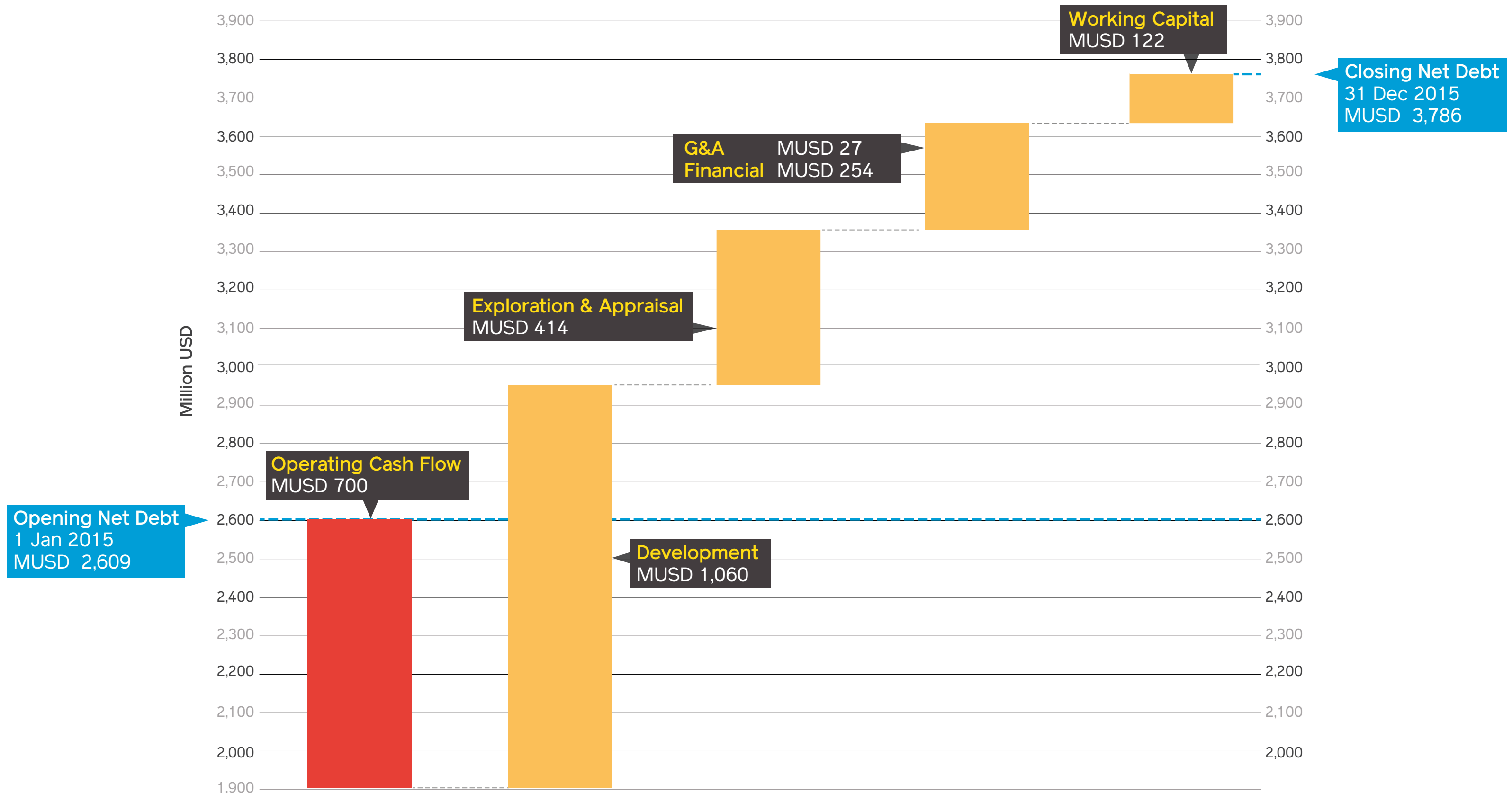
<sup>(2)</sup> An additional amount of interest expense of MUSD 40.2 has been capitalised in 2015

# Year End 2015

## Tax

	Fourth Quarter 2015 USD/boe	Full Year 2015 USD/boe
Current tax credit	21.30	23.80
Deferred tax credit	111.21	24.55
	<b>132.51</b>	<b>48.35</b>

# Year End 2015 Debt Position

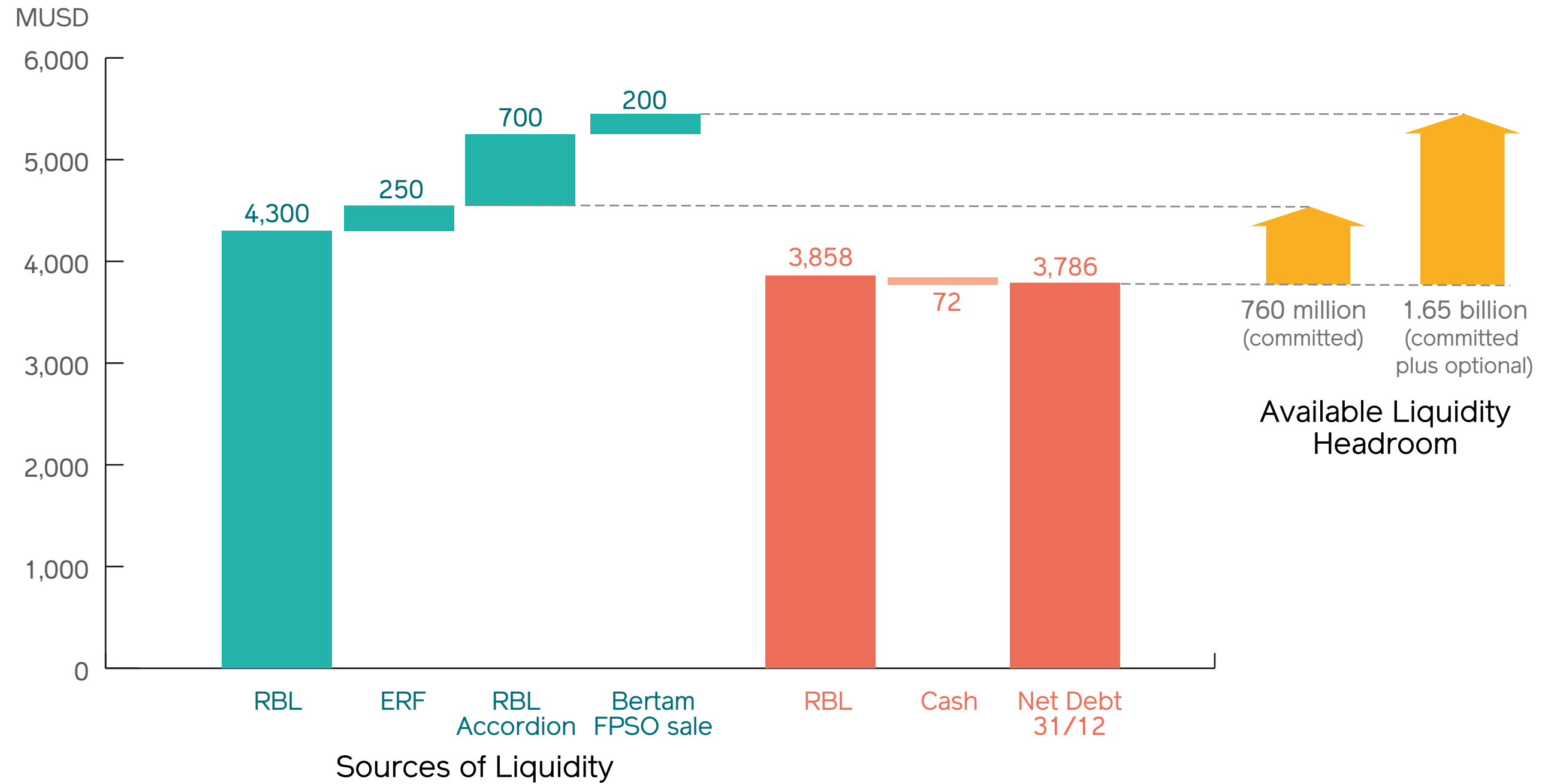


# Year End 2015

## Liquidity – RBL

- New 7 year facility signed
- Supported by 23 international banks
- USD 5.0 billion accordion facility
- Johan Sverdrup included as a borrowing base asset
- Initial commitments > USD 4.3 billion
- Optionality to bring in additional commitments
- Designed to fund Johan Sverdrup through to first oil
- 5 year grace period (no amortisation)
- Attractive margin: 315 bps
- More flexible covenant package to reflect growth profile

# 2016 Funding Liquidity



# Hedges

## as at 31 December 2015

	Currency		
	BUY MNOK	SELL MUSD	Average rate NOK : USD
1H 2016	1,251.8	182.5	6.86
2H 2016	2,058.4	243.9	8.44
2017	1,839.2	217.3	8.46
2018	1,928.0	228.0	8.46
2019	1,672.4	200.4	8.35
	8,749.8	1,072.1	8.16

	Interest rate	
	Borrowings MUSD	Floating LIBOR rate per annum
Apr 2013 - Mar 2016	500	0.57%
Q1 2016	1,500	1.50%
Q2-Q4 2016	2,000	1.50%
2017	1,500	2.32%
2018	1,000	3.06%



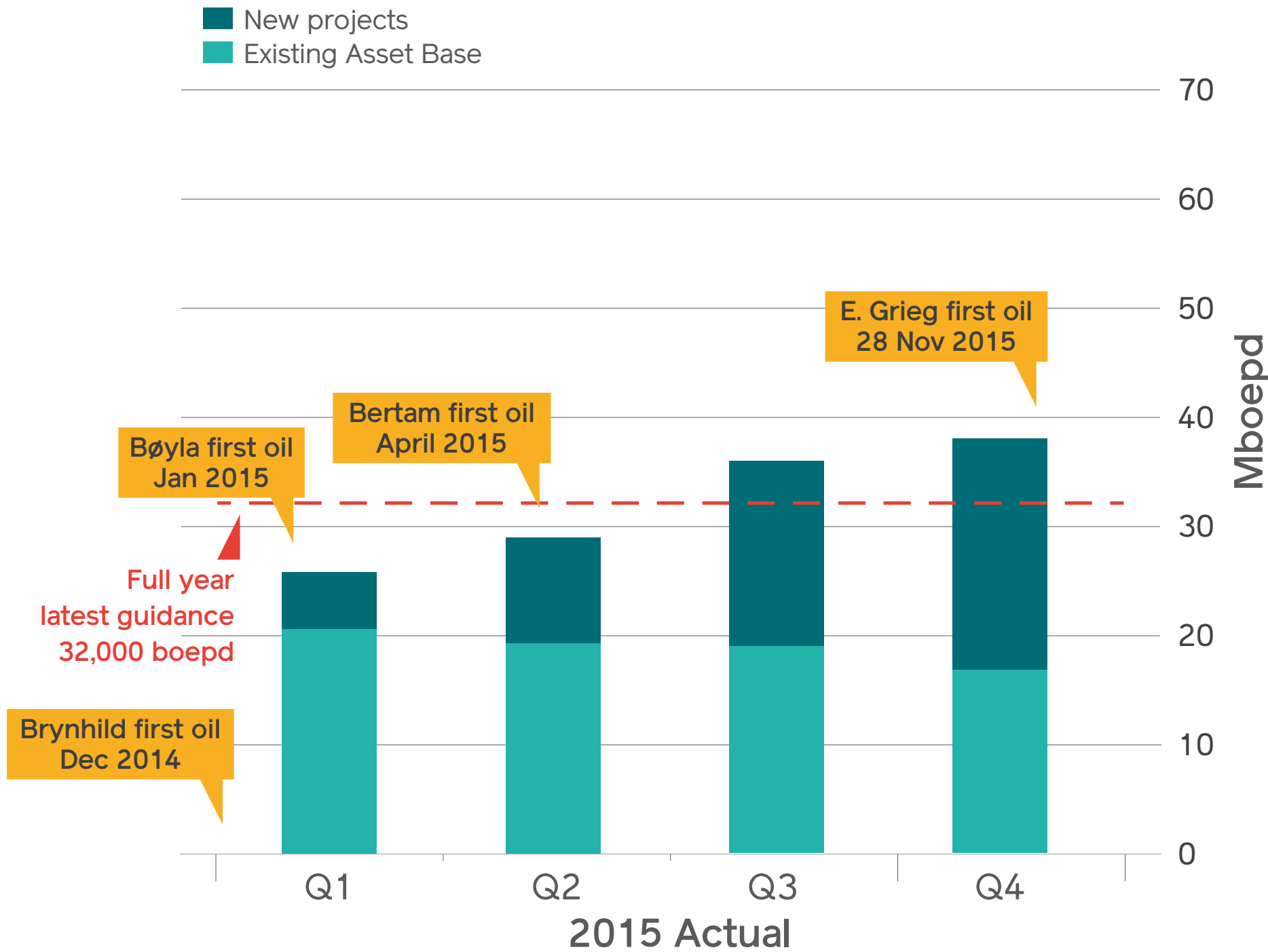
# Year End 2015

## Highlights

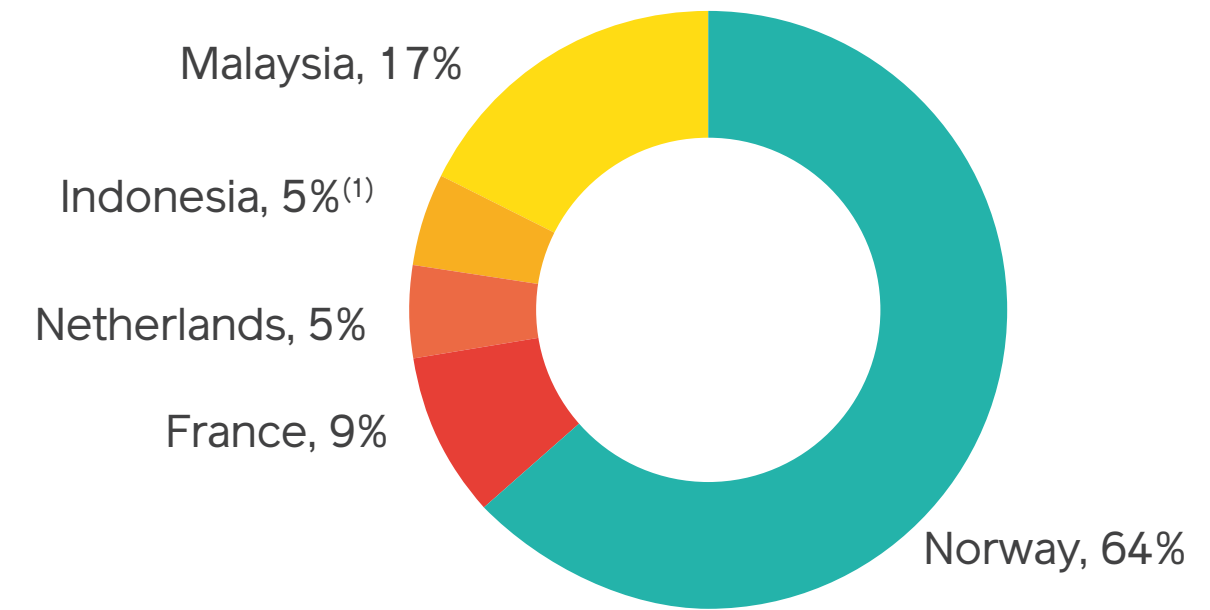
- **2015 Production 32,300 boepd => 36% increase on 2014**
  - Q4 2015 production 38,300 boepd
- **Year-end 2015 2P reserves of 685.3 MMboe – 292% reserves increase**
- **Development Projects**
  - 3 fields brought onstream – Edvard Grieg start-up ahead of schedule
  - Johan Sverdrup progress
    - PDO & Unitisation approved. Construction commenced
    - Cost reduction
- **Capital Budget 2016 of USD 1.08 billion => 26% reduction on 2015**
  - Development budget USD 936 million => 12% reduction on 2015
  - E&A budget USD 147 million => 64% reduction on 2015
- **2016 Operating Cost budgeted at USD 9.55/boe<sup>(1)</sup>**
- **Refinanced RBL facility to USD 5 billion with current commitment of USD 4.3 billion**
  - Liquidity Headroom of USD 760 million

<sup>(1)</sup>Excludes other costs

# Lundin Petroleum 2015 Production



## 2015 Production



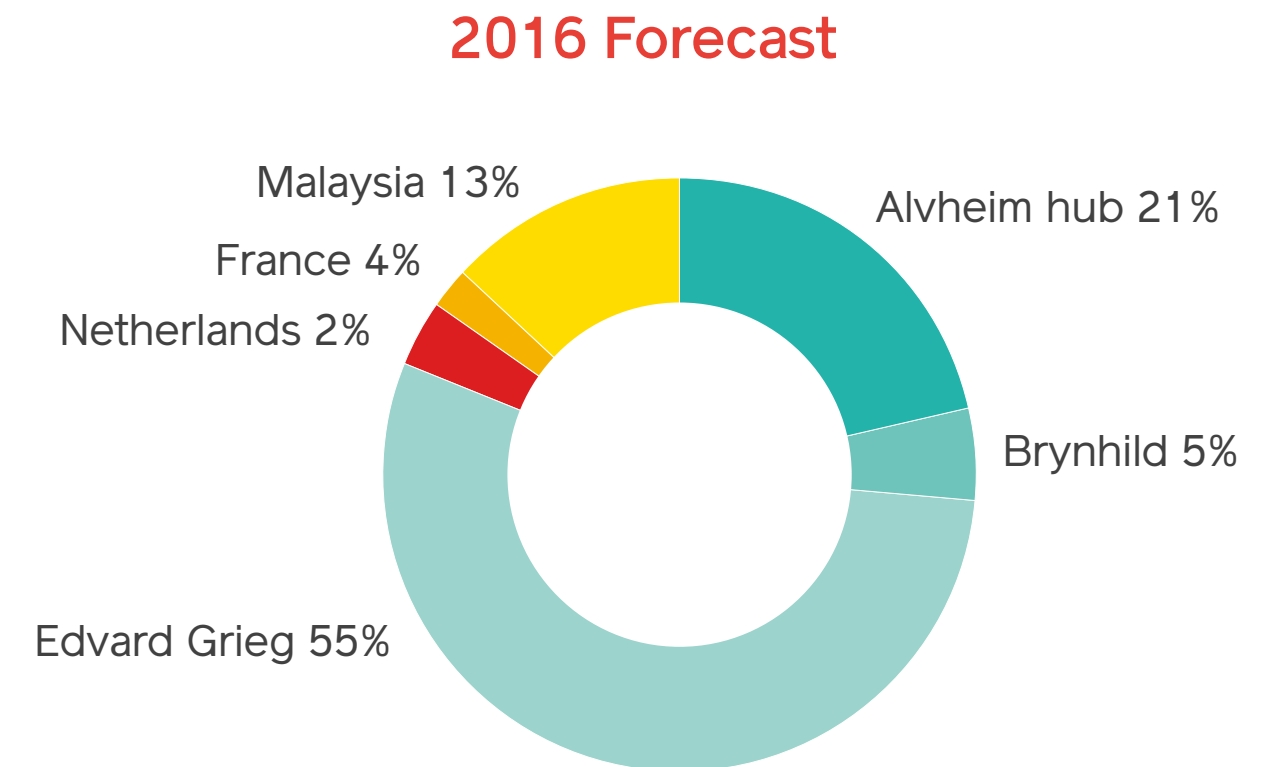
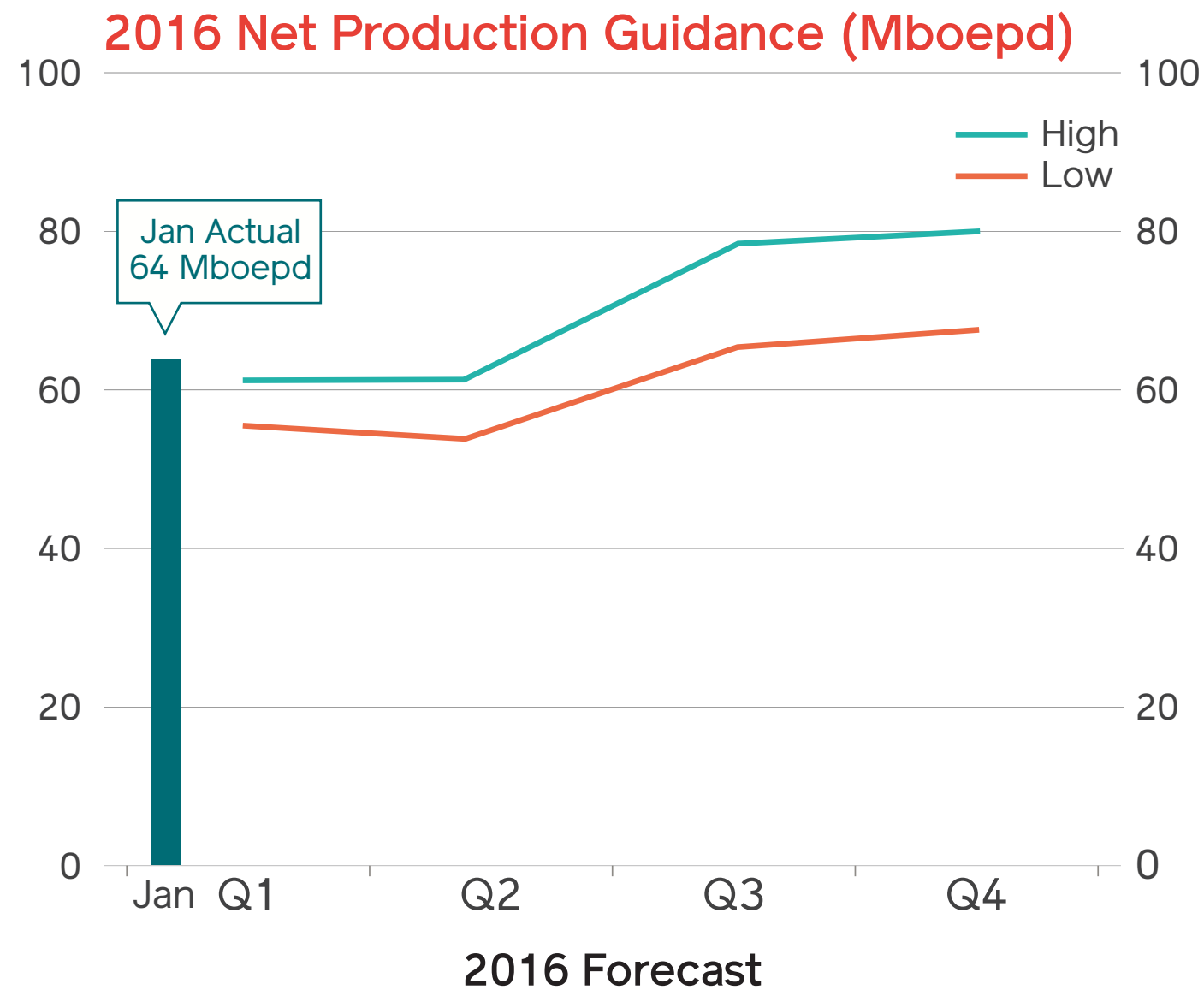
- ➔ 2015 production latest guidance: 32,000 boepd<sup>(1)</sup>
- ➔ 2015 actual production: 32,300 boepd<sup>(1)</sup>
  - ➔ Achieved latest guidance
  - ➔ Exit rate guidance of 75,000 boepd achieved in January 2016 with 3<sup>rd</sup> Edvard Grieg well

<sup>(1)</sup> Includes Indonesia divested assets

# Lundin Petroleum

## 2016 Production Guidance

- ➔ 2016 production guidance: 60 – 70,000 boepd
- ➔ Production guidance reflects the ramp up of Edvard Grieg

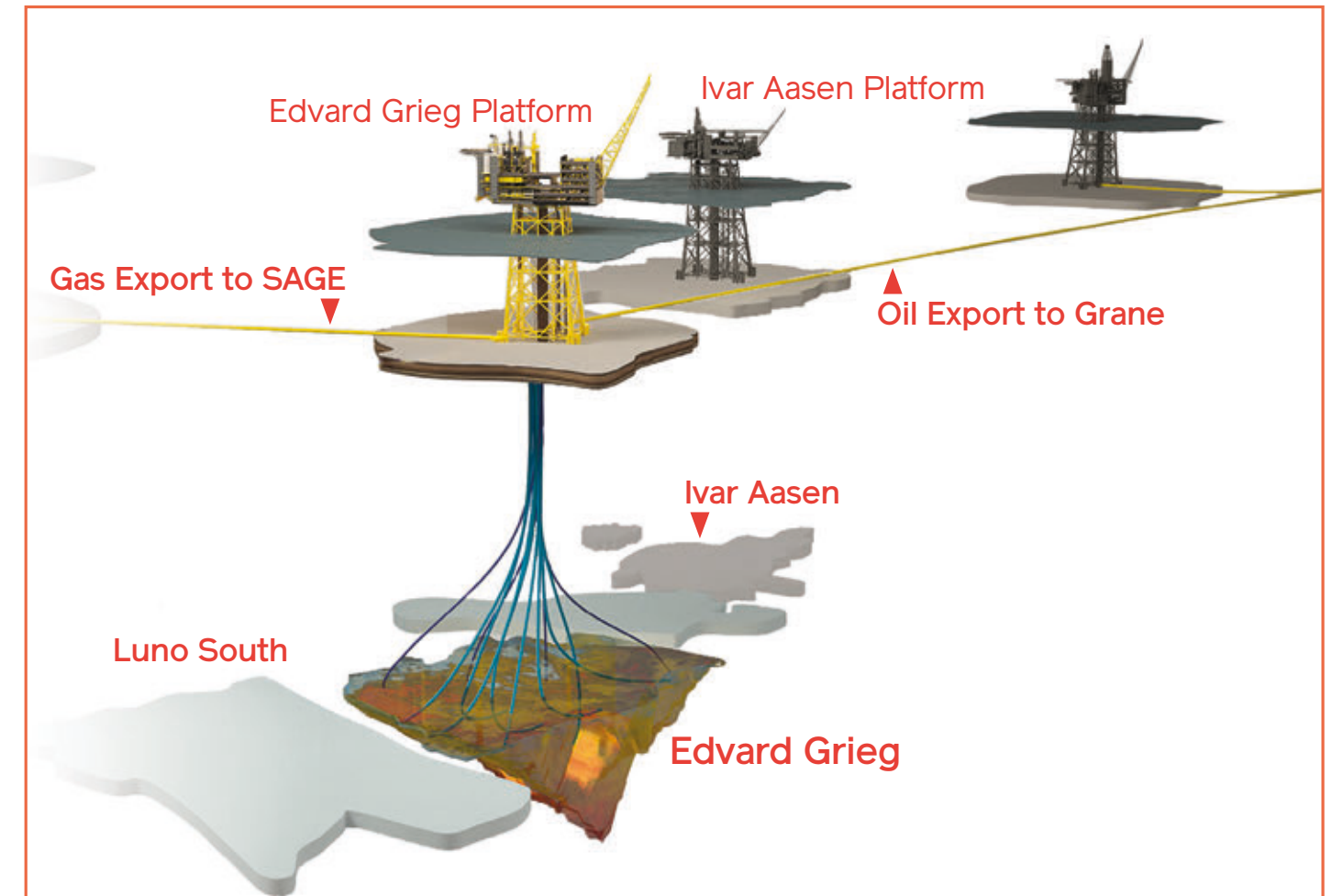


# Norway

## Edvard Grieg Development

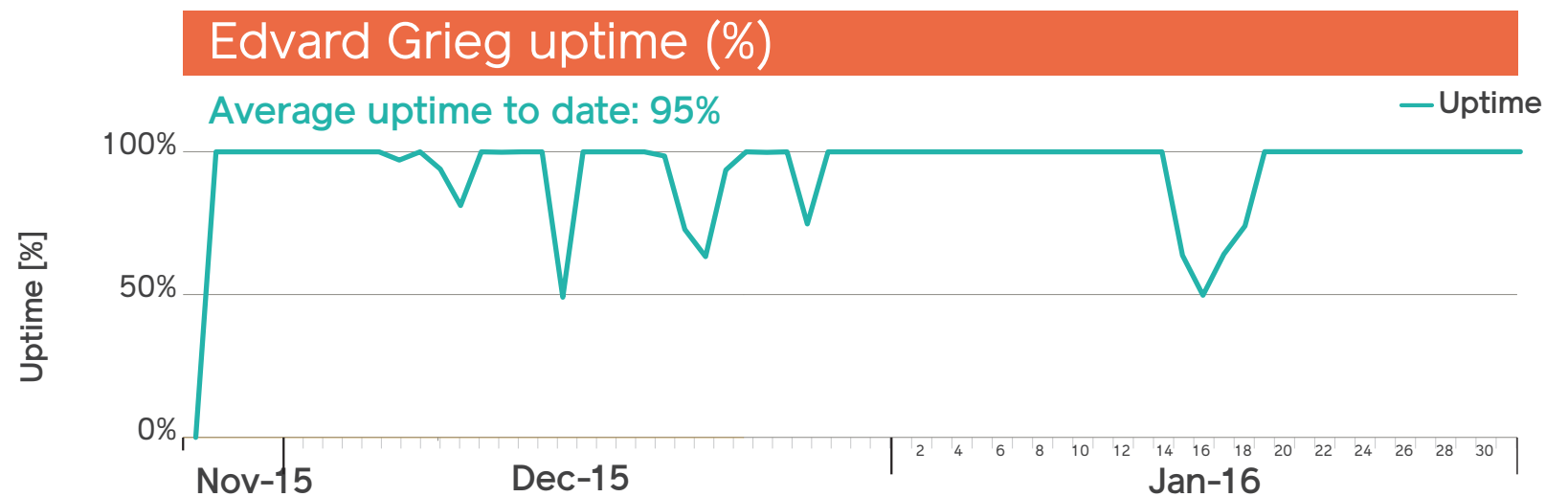
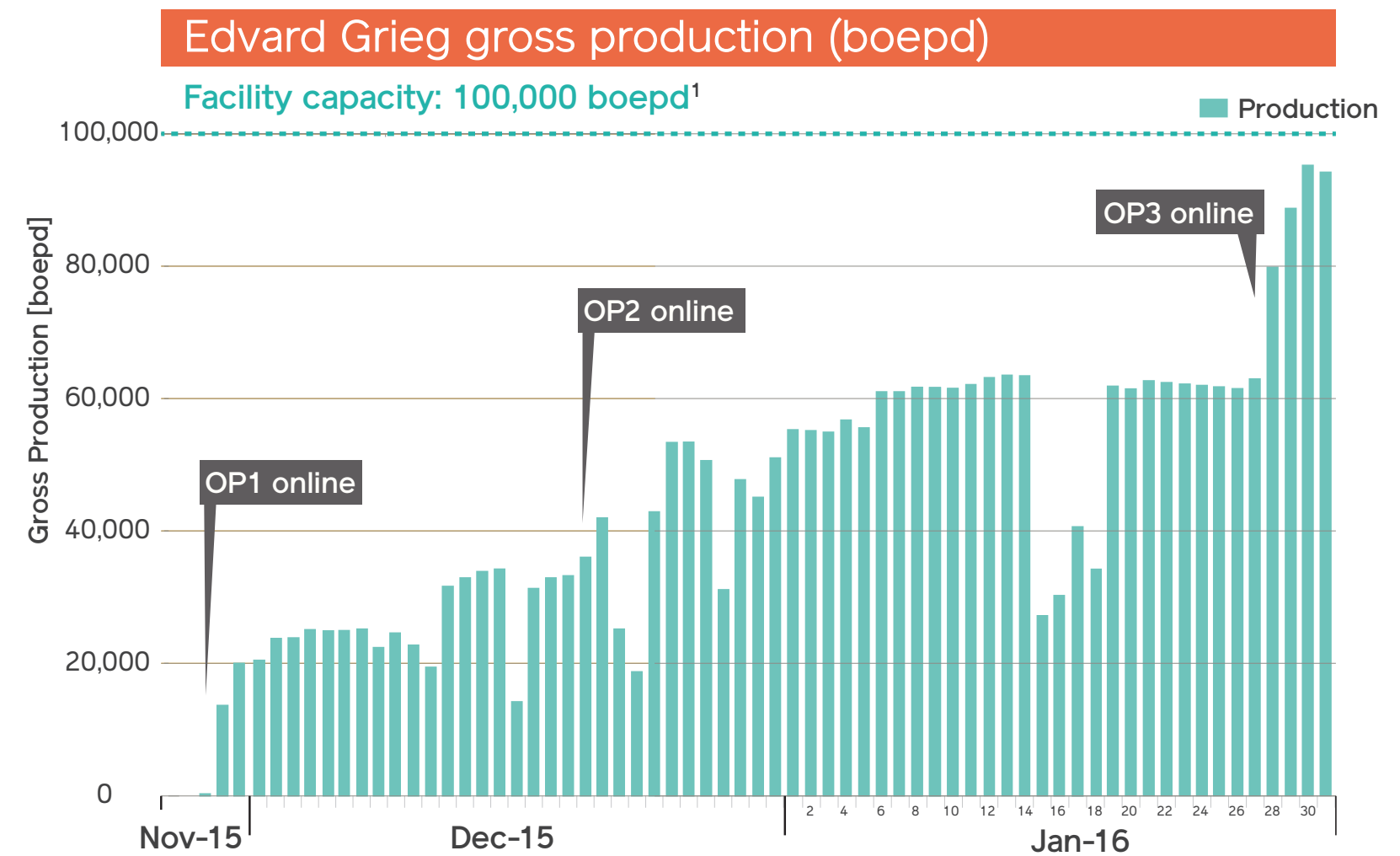
- ➔ Lundin interest: 50% (operator)
  - ➔ OMV 20%, Wintershall 15%, Statoil 15%
- ➔ 2P reserves: 206 MMboe gross
- ➔ Plateau production: 100,000 boepd gross, 2H 2016
- ➔ First oil achieved 28 November 2015
- ➔ Capital costs: NOK 26 billion
- ➔ Drilling 14 wells from jack-up rig – development drilling continues through 2017
- ➔ One appraisal well in south east of the field successfully drilled - reserves upgraded by 20 MMboe

### Edvard Grieg Schematic



# Edvard Grieg Production Performance

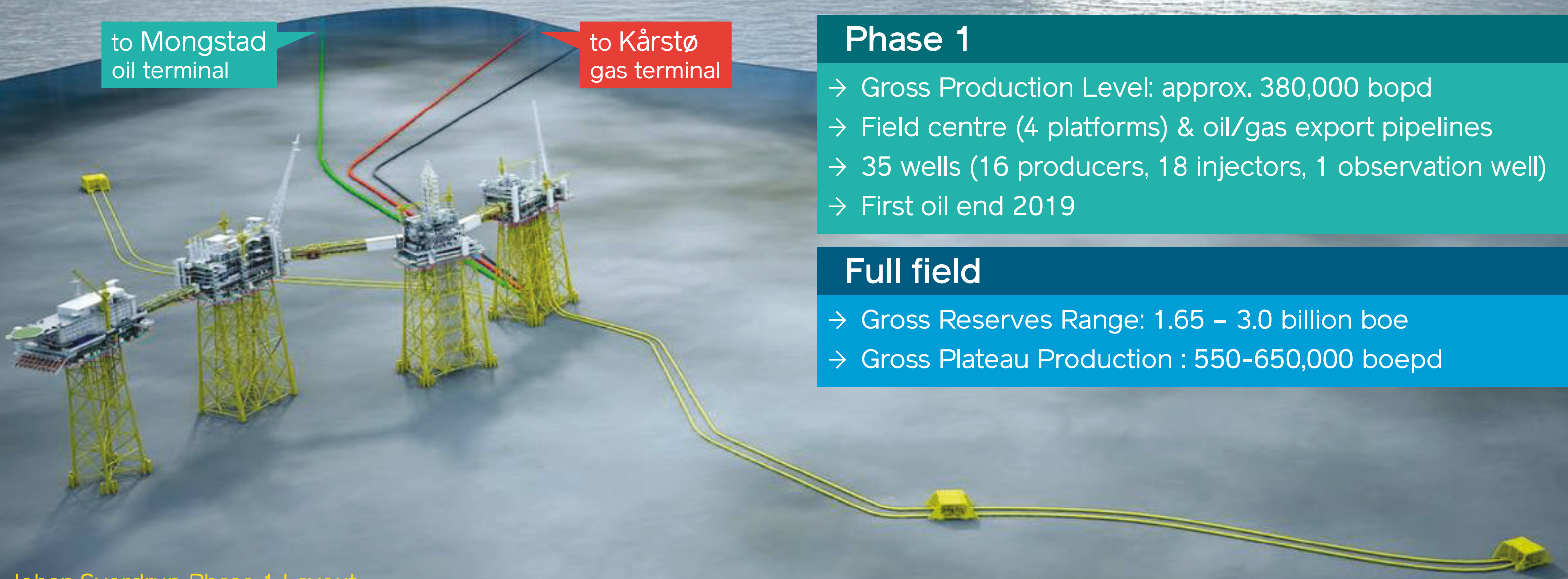
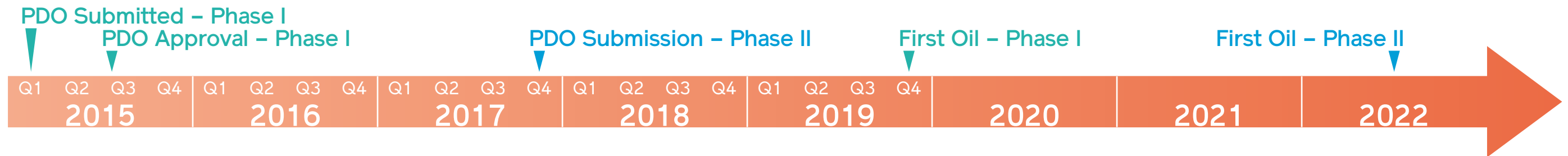
- Strong initial facilities and reservoir performance
- Facilities uptime outperforming – 95% to date
  - ➔ Anticipated to take 6 month to build to this level
- 3 wells on line – total capacity >90,000 boepd
  - ➔ PDO basis 24,000 boepd per well
- Better reservoir performance – lower pressure decline
  - ➔ As per the reservoir management plan, initial 2016 production rates will be held below well potential until sufficient water injection capacity is available
- 2016 drilling programme - 5 wells
  - ➔ 3 water injectors and 2 producers
  - ➔ Currently drilling first water injector



<sup>1</sup> Edvard Grieg capacity within the topsides facility

# Norway

## Johan Sverdrup Development



### Phase 1

- Gross Production Level: approx. 380,000 bopd
- Field centre (4 platforms) & oil/gas export pipelines
- 35 wells (16 producers, 18 injectors, 1 observation well)
- First oil end 2019

### Full field

- Gross Reserves Range: 1.65 – 3.0 billion boe
- Gross Plateau Production : 550-650,000 boepd

Johan Sverdrup Phase 1 Layout

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# Norway

## Johan Sverdrup Key Points

- ➔ Largest Phase 1 development on the NCS
  - ➔ Major importance to all stakeholders
  - ➔ This project attracts the A-team from all companies and suppliers involved
  - ➔ Up to 40% of NCS oil production at plateau
- ➔ PDO approved and full field reserves are booked
  - ➔ 513.2 million boe (2P net to Lundin Petroleum)
- ➔ Reduced capex has significantly lowered the breakeven oil price

Working Interest	Johan Sverdrup Unit
Lundin Norway	22.6%
Statoil	40.03% (OP)
Petoro	17.36%
Det norske	11.57%
Maersk	8.44%

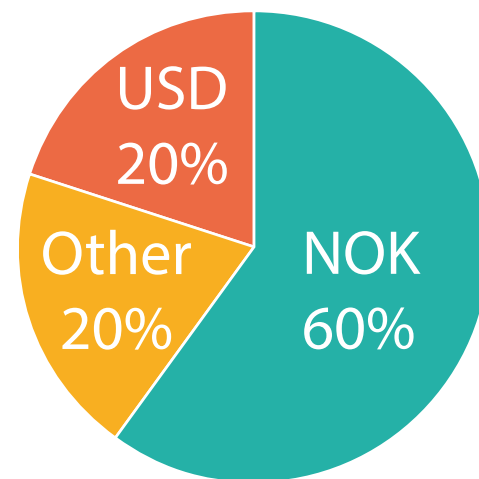


# Norway

## Johan Sverdrup – Phase 1 Development

- ➔ **Project is progressing to schedule:**
  - ➔ PDO approved by MPE in August 2015
  - ➔ Major contracts awarded
  - ➔ Pre-drilling to commence Q1 2016
  - ➔ Production start-up Q4 2019
- ➔ **Costs are coming down:**
  - ➔ Phase 1 gross CAPEX reduced from NOK 123 billion to NOK 108.5 billion<sup>1</sup> (12% saving)
- ➔ **Phase 1 facilities de-bottlenecking measures approved which will increase Phase 1 production capacity**

### ➔ Indicative FX split on CAPEX



<sup>1</sup> nominal, operators latest estimate



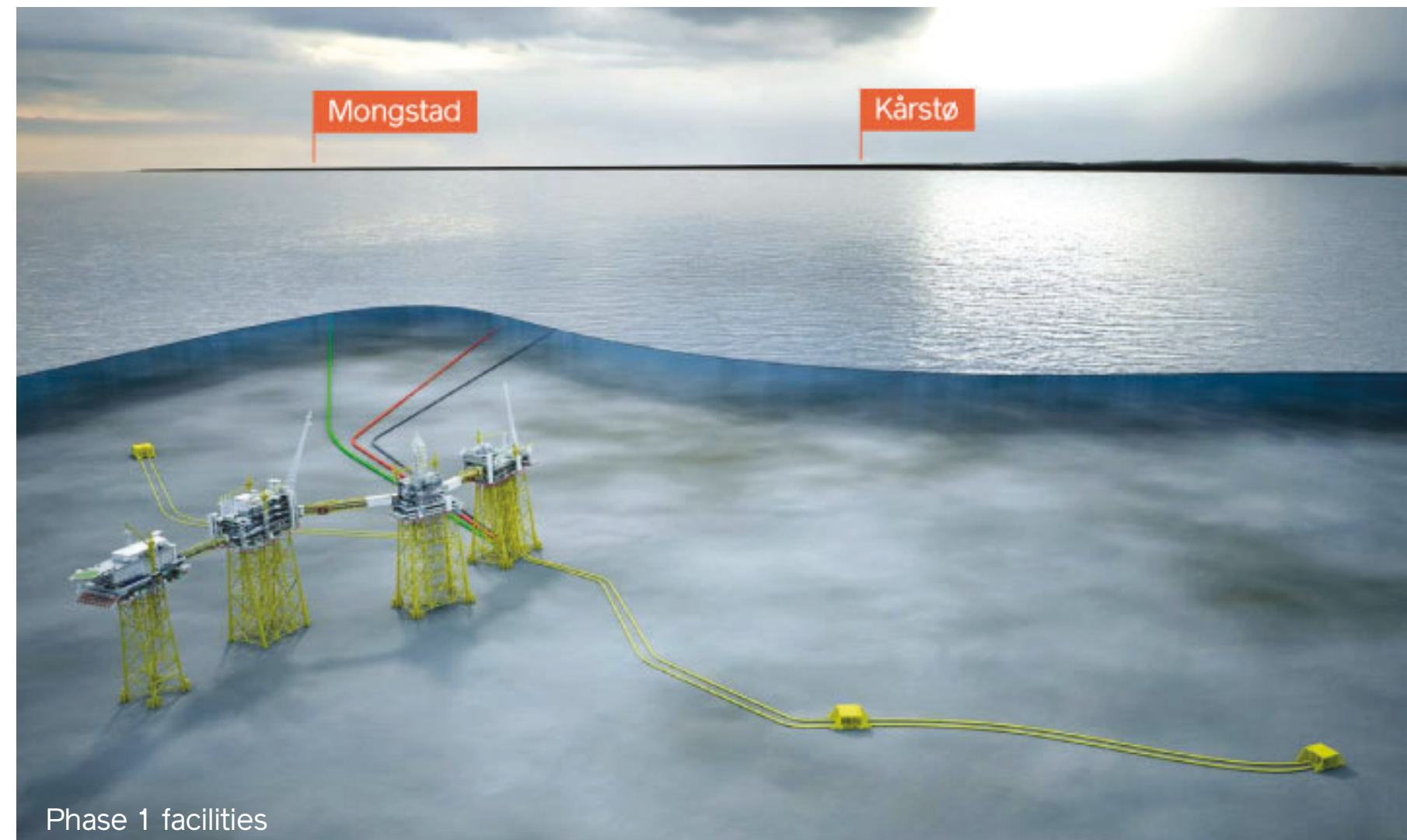
Pre-drilling template installation



# Norway

## Johan Sverdrup – Full field (Phase 2) Development

- ➔ Phase 2 - Final Concept Select Q4 2016:
  - ➔ Full field process capacity 550 – 650 Mbopd
  - ➔ Production start-up 2022
- ➔ Full field CAPEX significantly reduced to NOK 160–190 billion (including Phase 1)<sup>1</sup>
  - ➔ Due to market conditions and optimised facilities scope



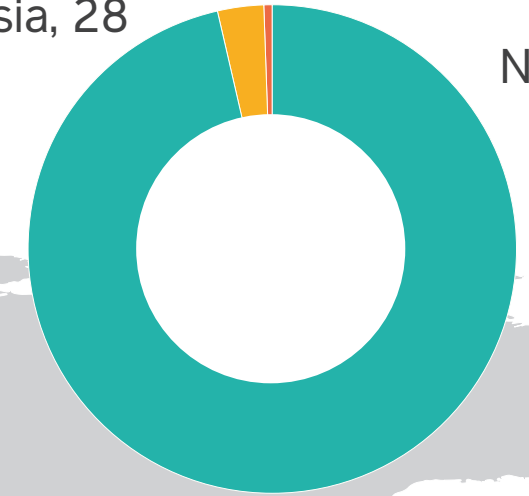
<sup>1</sup> USD : NOK 6.0 and real 2015

# Lundin Petroleum

## 2016 Development Activity

2016 Budget: 936 MUSD

Continental Europe, 5  
 Malaysia, 28  
 Norway, 903



**Norway - USD 903 million**

- Alvheim Hub - USD 55 million
- Edvard Grieg - USD 130 million
- Johan Sverdrup - USD 705 million
- Ivar Aasen - USD 13 million

**Netherlands**

- 2 Offshore wells
- L4a-K6 pipeline project

**France**

Paris Basin

- Minimum capex spend

**Malaysia - USD 28 million**

Bertam

- 1 development well

2016 Budget: 936 MUSD

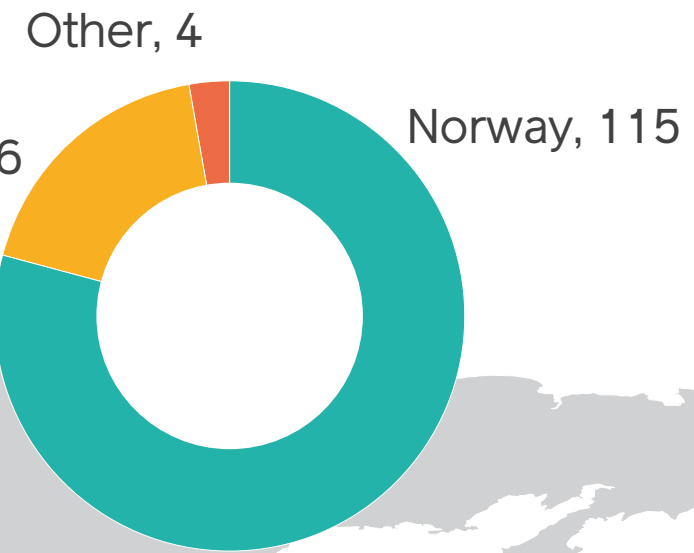
2016 Budget: 936 MUSD

➤ Drilling	248
➤ Facilities	672
➤ Other	16

# 2016

## Exploration & Appraisal Activity

2016 Budget 145 MUSD



**Norway**

**Exploration**

- 1 re-entry & 1 well Barents Sea
- 1 well Utsira High

**Appraisal**

**Johan Sverdrup**

- Phase 2 Concept Selection

**Luno II**

- Development Feasibility Studies

**Alta/Gohta**

- Alta-3 re-entry and flow test
- Development Feasibility Studies

**Netherlands**

- 2 onshore exploration wells

**Malaysia**

- 2 wells Sabah, East Malaysia

2016 Budget: 145 MUSD

5 exploration wells in 2016 <sup>(1)</sup>

Targeting net unrisked resources of 320 MMboe <sup>(2)</sup>

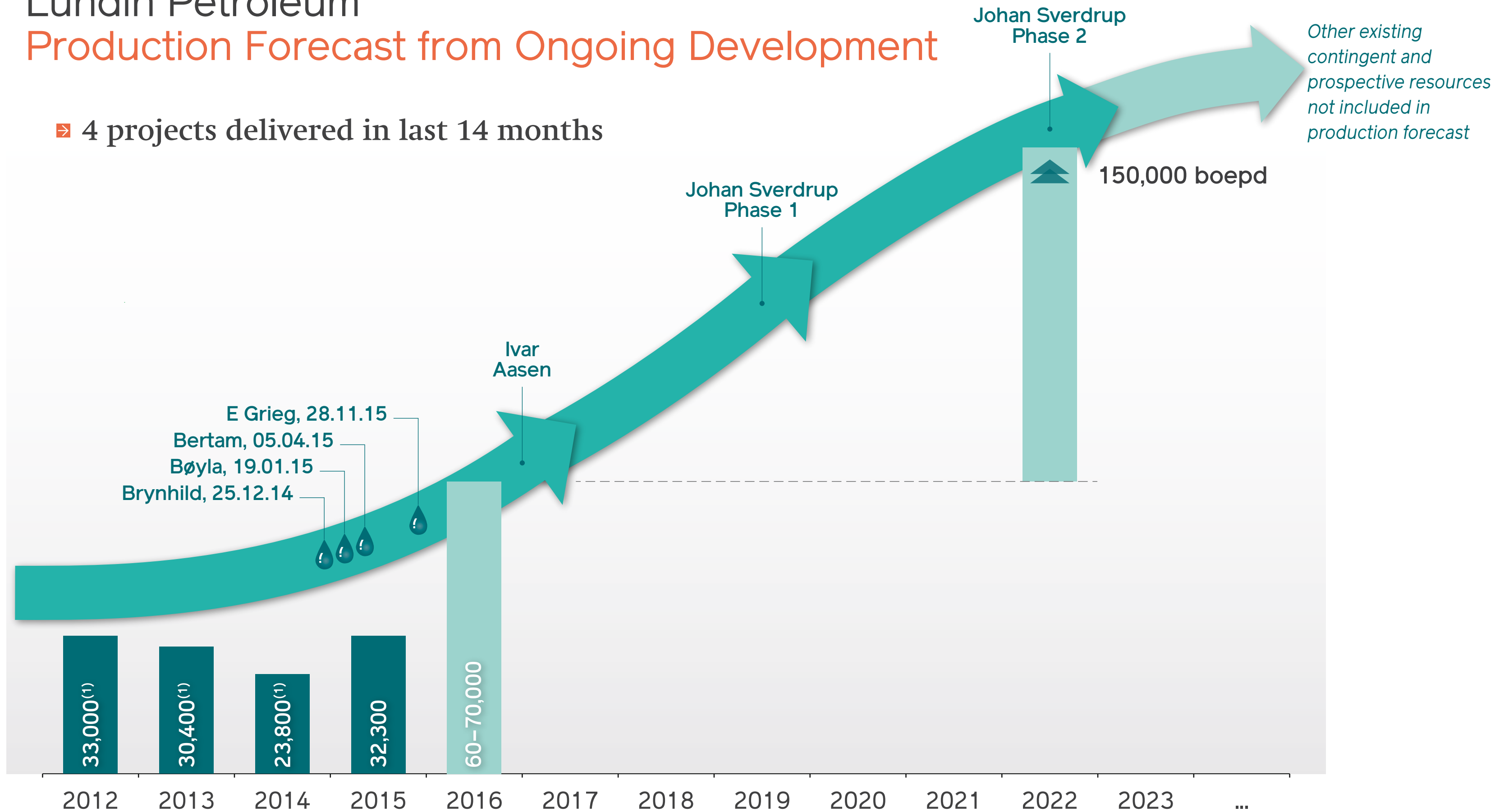
<sup>(1)</sup> Includes re-entry on Neiden and the completed Bambazon well. Excludes wells in the Netherlands.

<sup>(2)</sup> Excludes completed Bambazon well and wells in the Netherlands.

# Lundin Petroleum

## Production Forecast from Ongoing Development

➔ 4 projects delivered in last 14 months



<sup>(1)</sup> Excluding divested assets (Russia)

# Lundin Petroleum

## Concluding Remarks

- ➔ 2015 production 32,300 boepd
- ➔ 2016 production guidance 60,000 to 70,000 boepd
  - ➔ January 2016: 64,000 boepd record monthly production
- ➔ 2P reserves increased by 292% to 685.3 MMboe
- ➔ Cost deflation benefitting major Johan Sverdrup development
- ➔ Secured RBL refinancing of up to 5 billion USD
  - ➔ Current liquidity 760 million USD
- ➔ Organic growth strategy continues

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Petroleum



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