

# Q2

Operations & Financial Update

# First Six Months 2019

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31 July 2019

**Lundin**  
Petroleum





# First Six Months 2019

## Highlights

Production above Guidance

**77.5** Mboepd

Low Operating Costs

**4.49** USD/boe  
In line with guidance

**167** MUSD free cash flow  
Paid first quarterly dividend of  
**125** MUSD <sup>(1)</sup>

Johan Sverdrup On Track

Phase 1 **>90%** complete  
First oil expected **Nov 2019**

Organic Growth

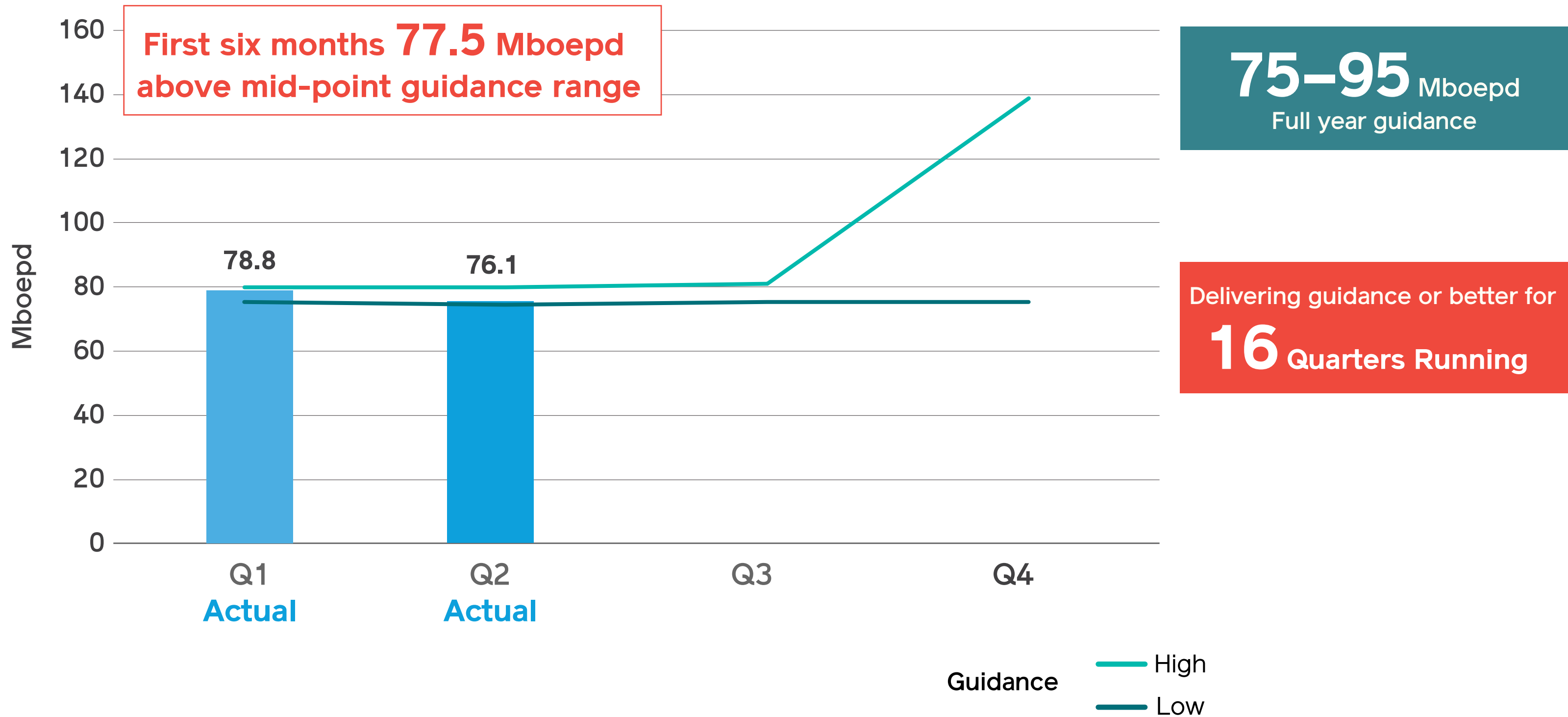
**4** projects under way  
**4** discoveries, **7** wells to drill

Equinor Transaction

Redeem **16%** of shares  
Sale 2.6% of Johan Sverdrup

<sup>(1)</sup> 2018 dividend of 1.48 USD/share was approved by the AGM in Q1

# Lundin Petroleum 2019 Production





# Lundin Petroleum

## Industry Leading Operating Performance

### Production Efficiency

**96%** Edvard Grieg <sup>(1)</sup>

**97%** Alvheim Area <sup>(1)</sup>

### Operating Costs

**4.49**  
USD/boe <sup>(1)</sup>

Third of North Sea average

Full year guidance

**4.25**  
USD/boe

### Carbon Intensity

Edvard Grieg

**5.4** CO<sub>2</sub>e kg/boe <sup>(1)</sup>

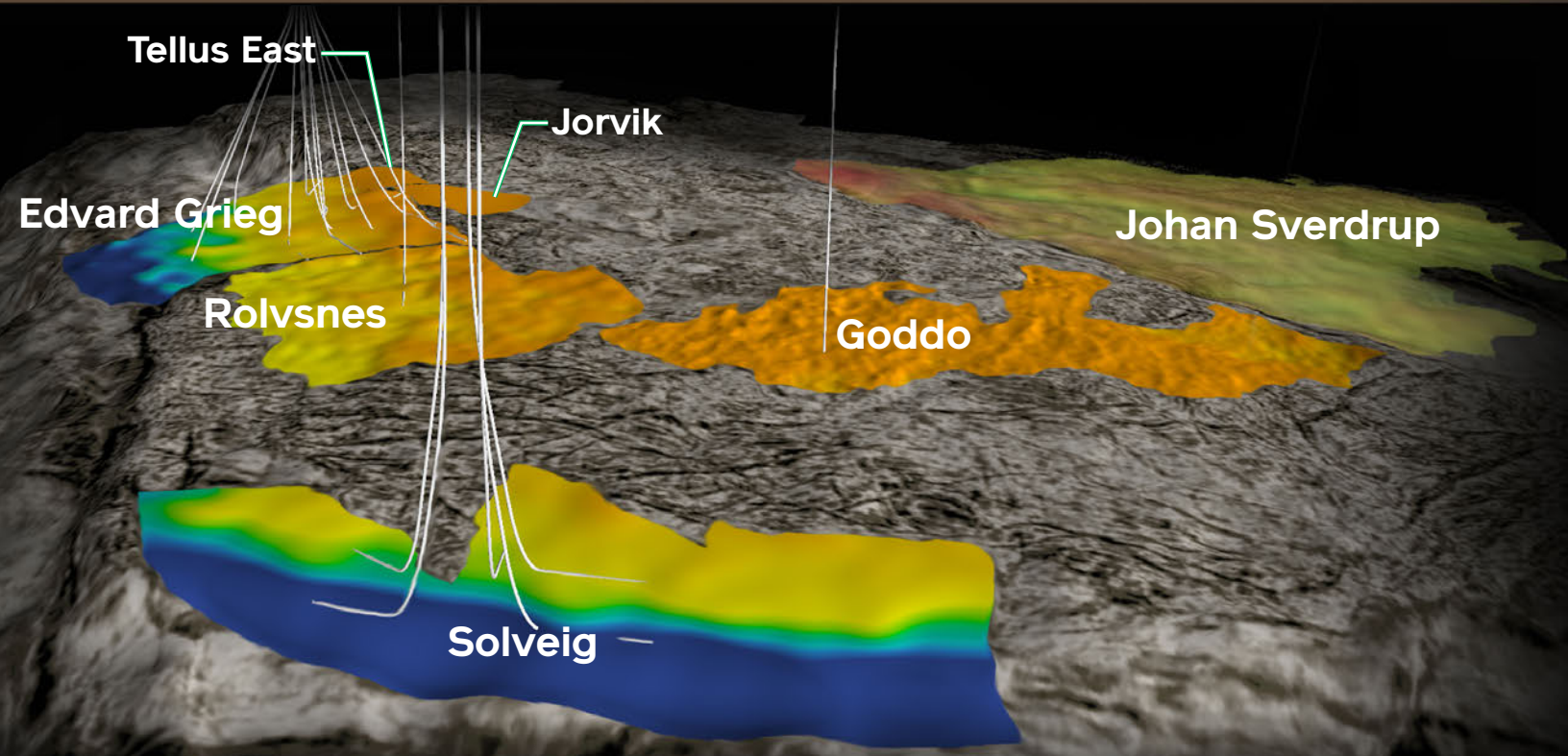
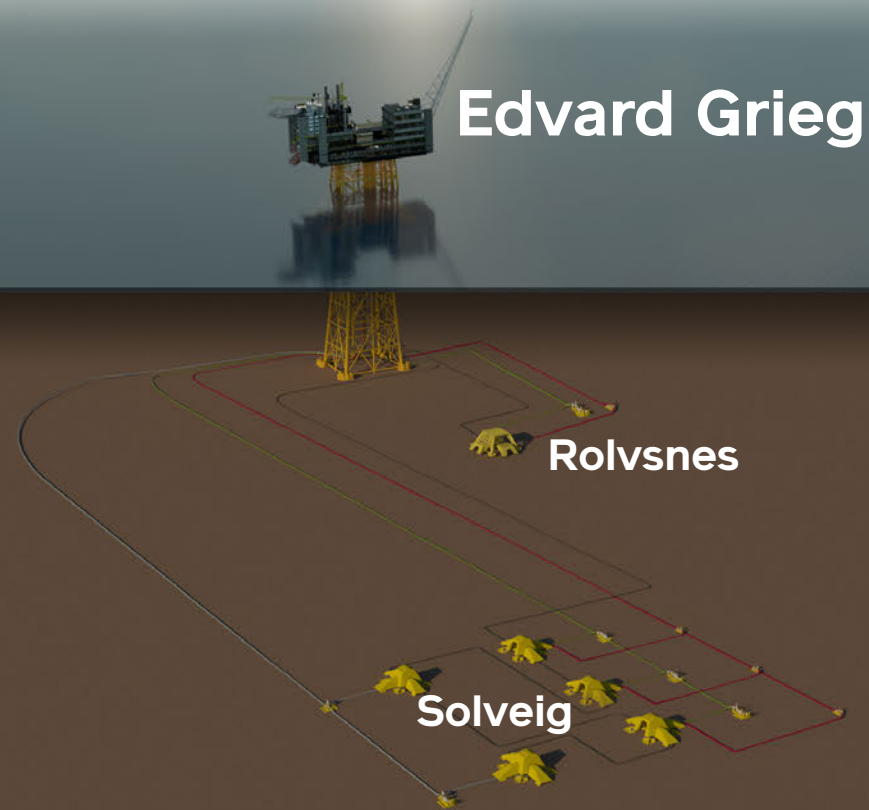
Quarter of world average

<sup>(1)</sup> First six months 2019



# Greater Edvard Grieg Area

## Keeping the Facilities Full in the Long-term



### Edvard Grieg

- Reservoir performance continues to exceed expectations
  - Limited water production
- Infill drilling programme sanction Q3 2019
  - 3 firm infill wells targeting 16 MMboe<sup>(1)</sup>

### Area Growth Opportunities

- Solveig Phase 1 and Rolvnes EWT projects on track
- Exploration and Appraisal
  - Jorvik/Tellus East discoveries 4–37 MMboe<sup>(2)</sup>
  - Lille Prinsen appraisal success
  - Goddo exploration well ongoing

### Extended Plateau Production to around end 2022 from mid-2020

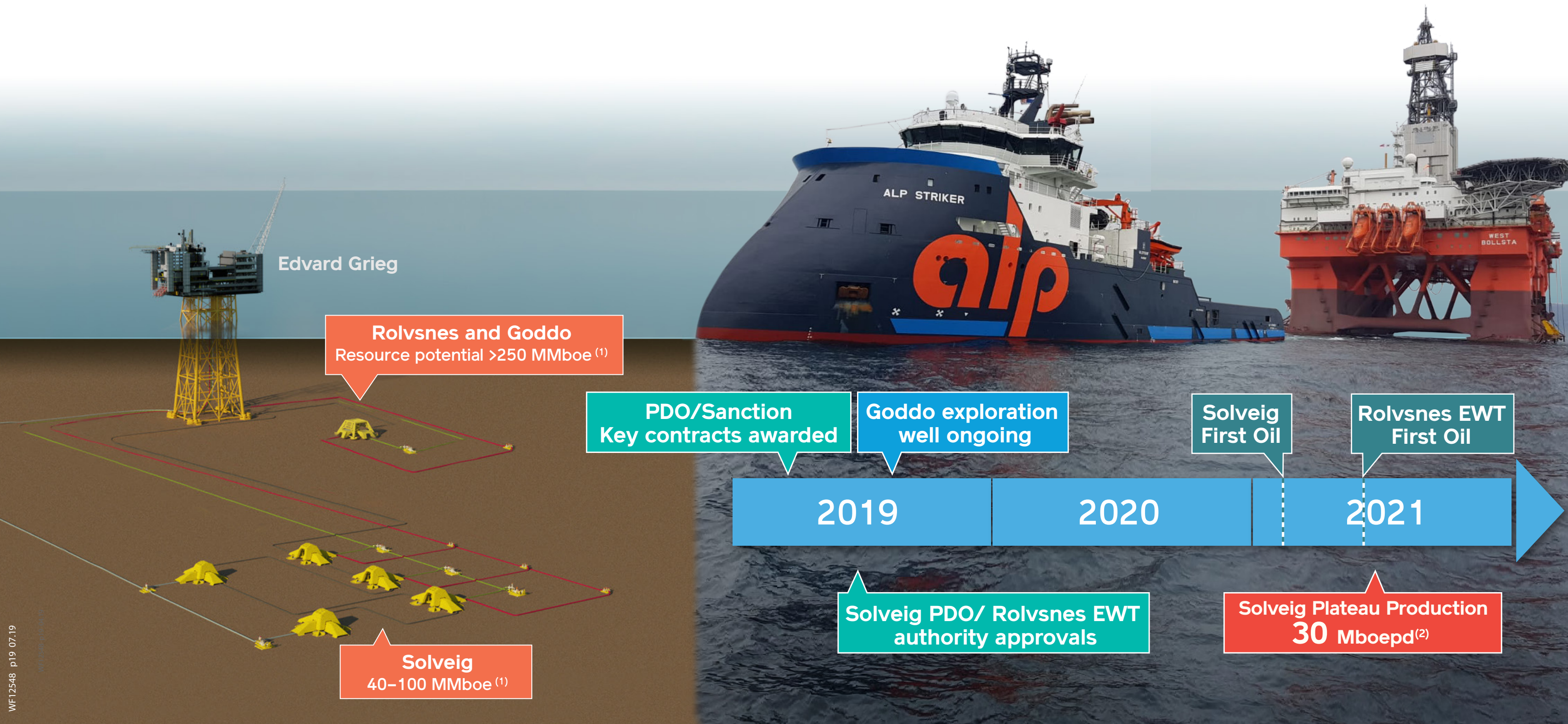
- Edvard Grieg out performance plus Solveig/Rolvnes tie-back projects

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

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



# Solveig Phase 1 and Rolvsnes EWT Projects on Track



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

<sup>(2)</sup> Gross



# Alvheim Area

## Continues to Exceed Expectations

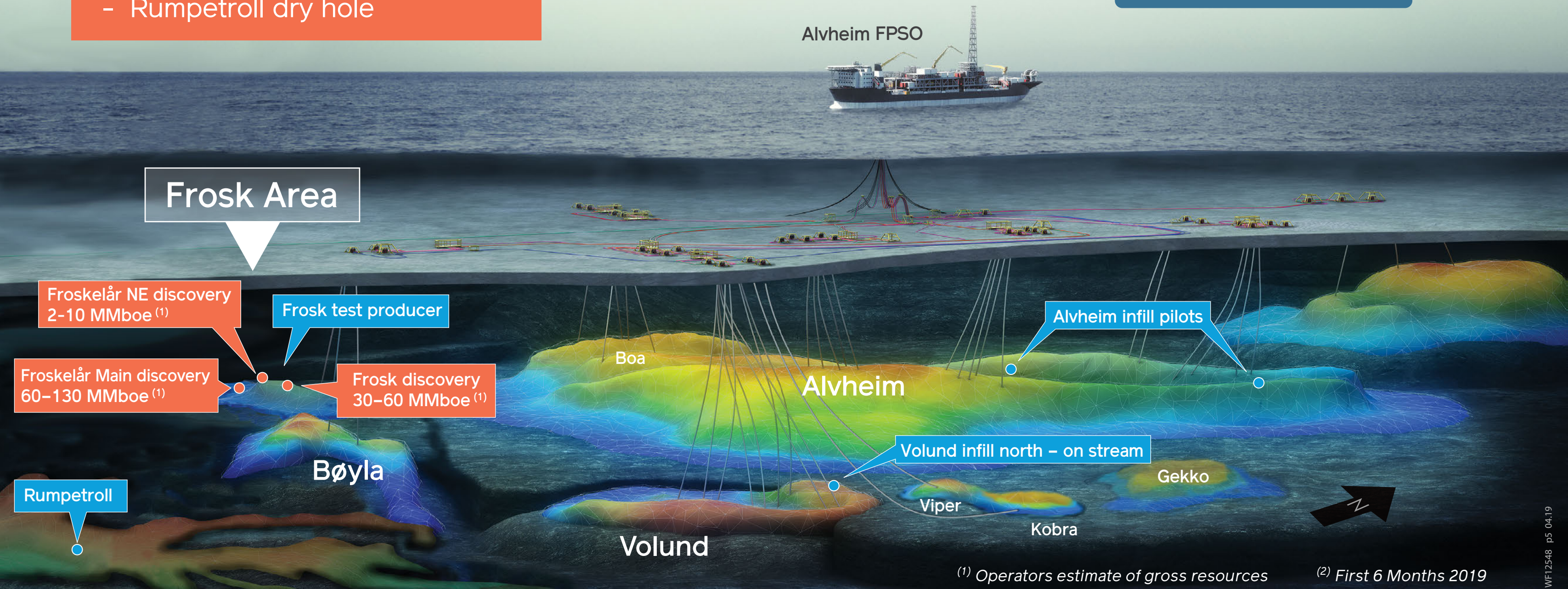
### Frosk test producer complete

- On stream Q3, 2019

### Further de-risking of Frosk Area

- Froskelår North East discovery
- Rumpetroll dry hole

**OPEX**  
**5.53 USD/boe<sup>(2)</sup>**



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

<sup>(2)</sup> First 6 Months 2019



# Johan Sverdrup

## A World Class Project

### 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 **83** Bn NOK

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

### Working Interest – Johan Sverdrup Unit

Equinor	40.0267% <sup>(3)</sup>
Lundin	22.6000% <sup>(4)</sup>
Petoro	17.3600%
Aker BP	11.5733%
Total	8.4400%

<sup>(1)</sup> Nominal, fixed currency

<sup>(3)</sup> 42.6267% post Equinor transaction

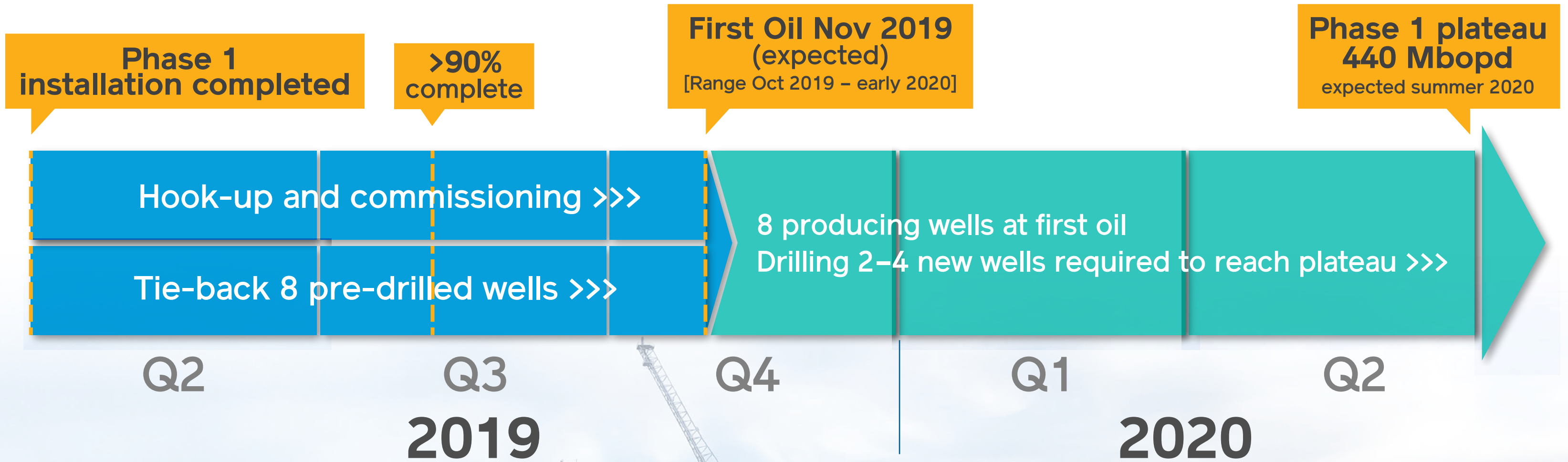
<sup>(2)</sup> Original PDO

<sup>(4)</sup> 20.0000% post Equinor transaction



# Johan Sverdrup Phase 1

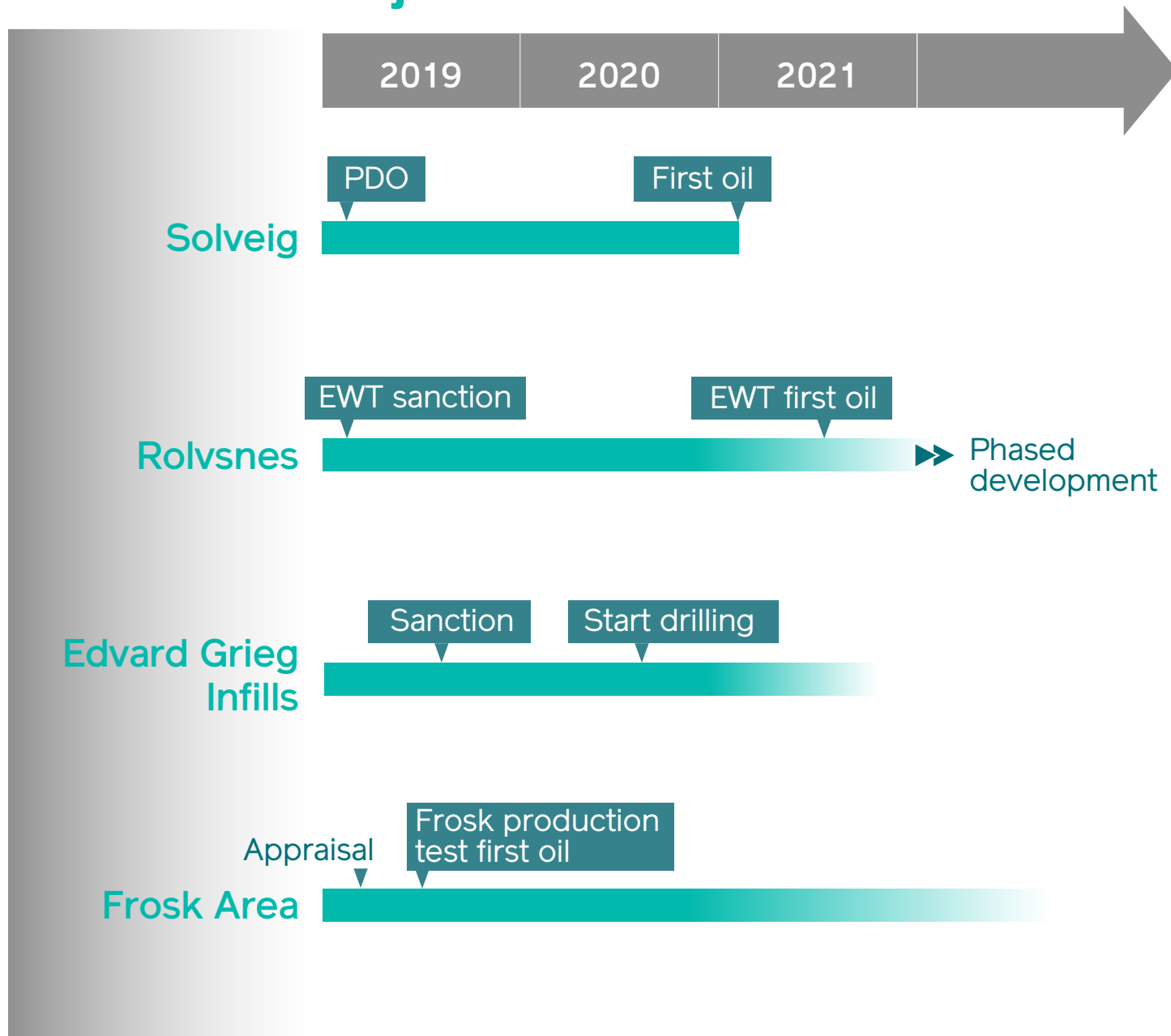
## On Track for First Oil in November 2019



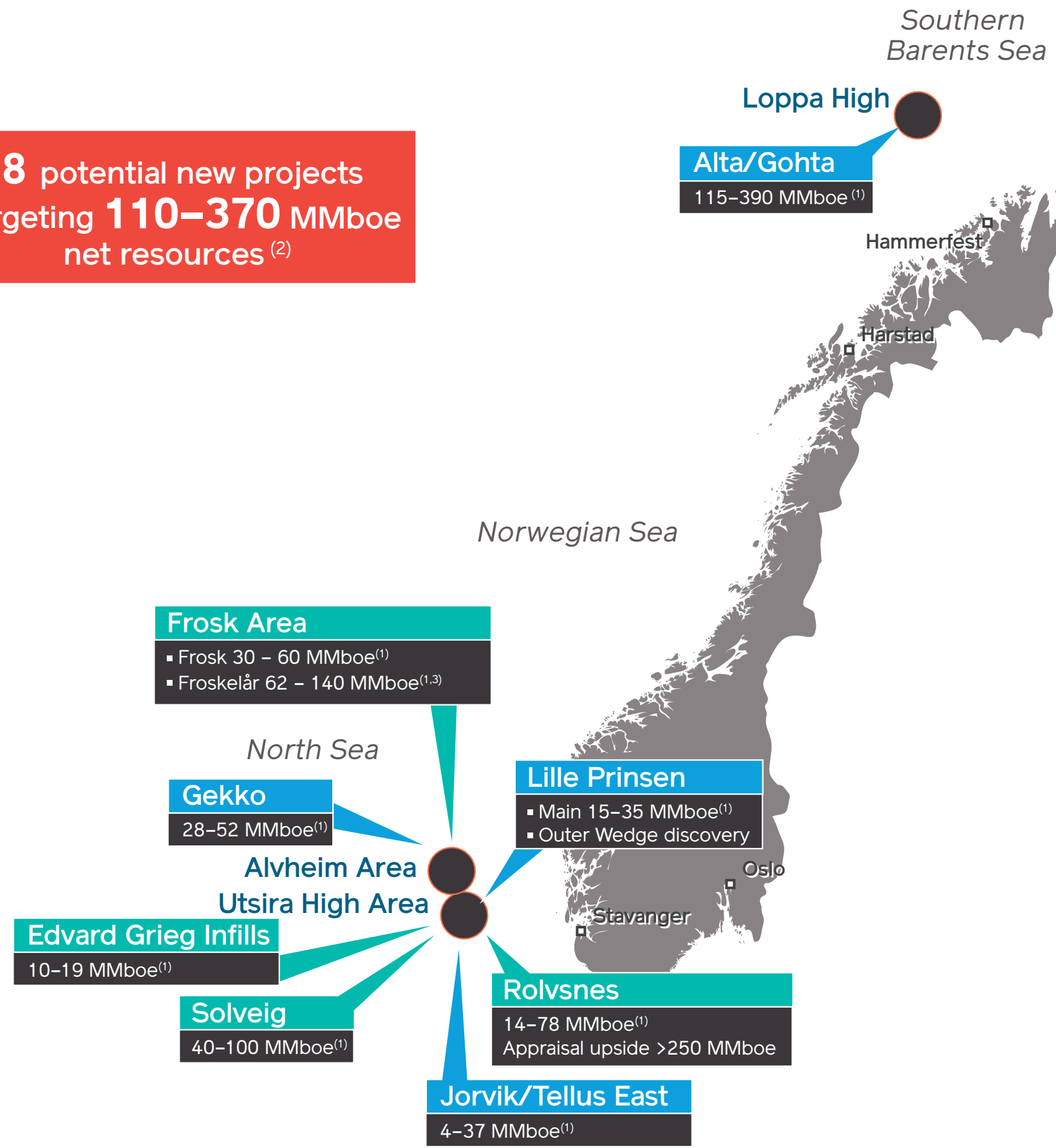


# Lundin Petroleum Pipeline of New Projects

## Committed Projects



**8 potential new projects targeting 110–370 MMboe net resources <sup>(2)</sup>**



<sup>(1)</sup> Operator estimate of gross resources    <sup>(2)</sup> Net contingent resources plus prospective resources    <sup>(3)</sup> Includes Froskelår and Froskelår NE discoveries



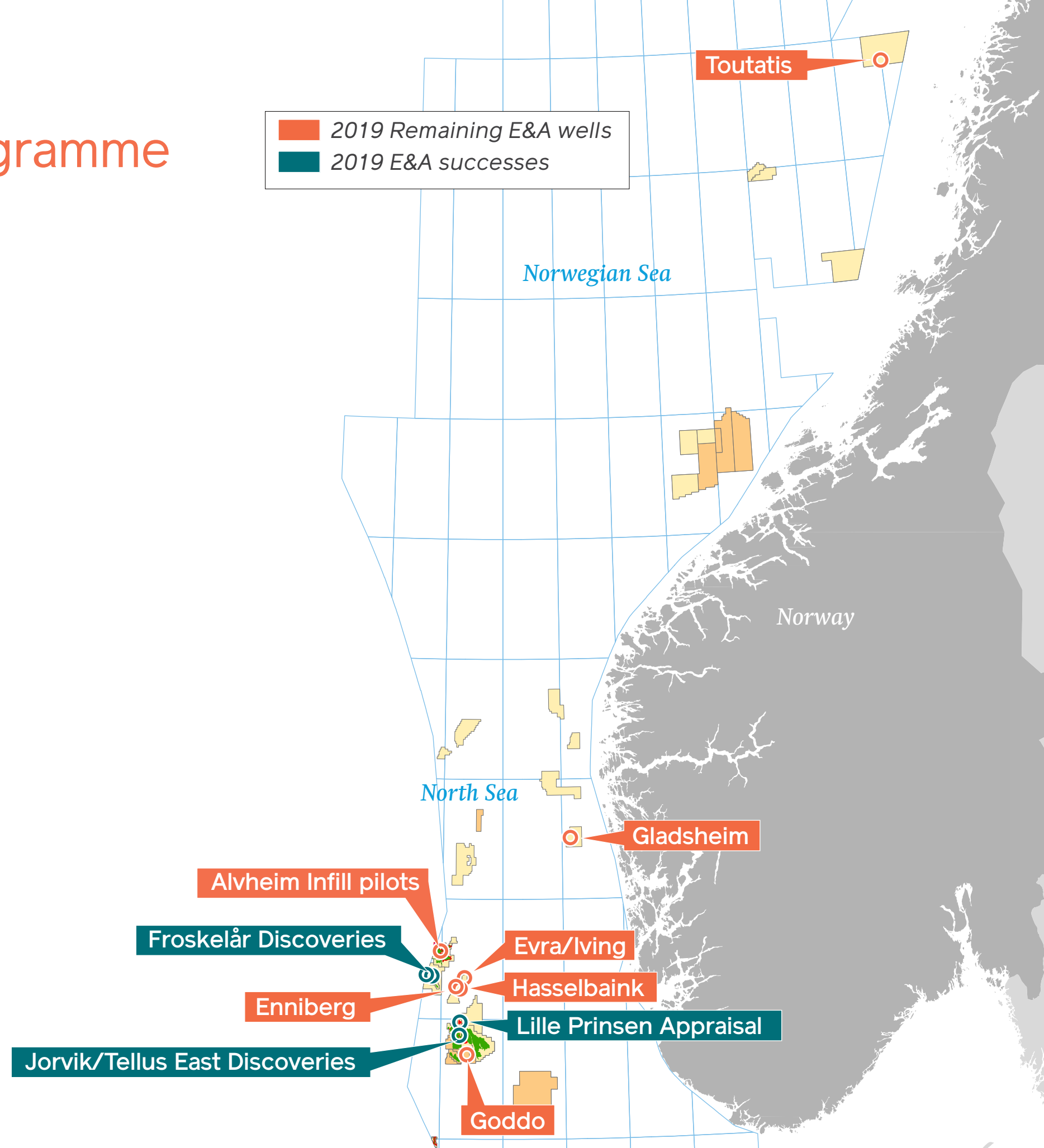
# Lundin Petroleum 2019 Exploration & Appraisal Programme

**12** wells drilled  
**4** discoveries  
**1** appraisal success

**10 – 40** MMboe  
net resource additions

**7** wells remaining

Targeting **~200** MMboe  
net unrisked resources





# First Six Months 2019

## Financial Highlights

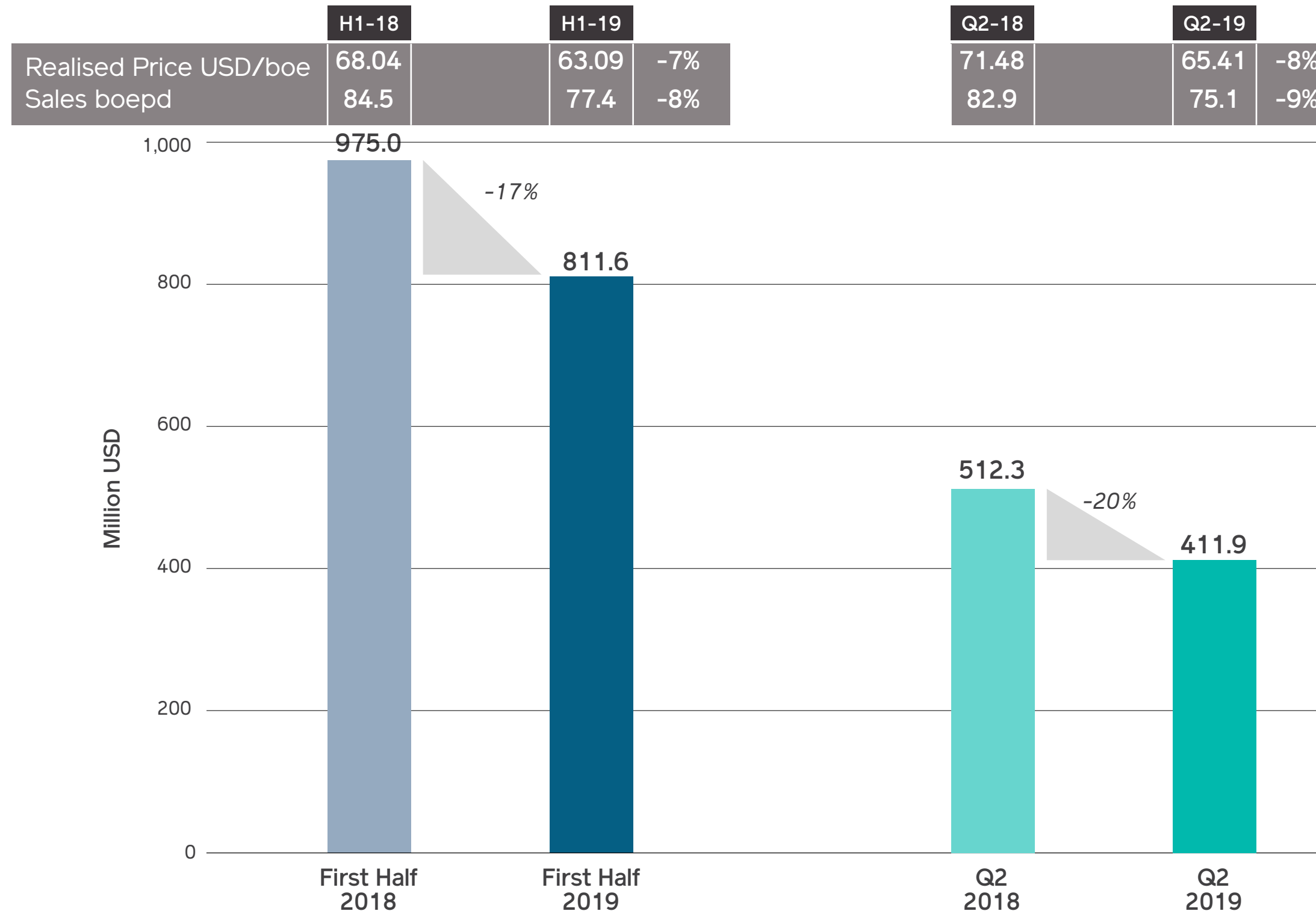
	Second Quarter 2019	First Half 2019
Production (boepd)	76.1	77.5
Average Brent oil price (USD/boe)	68.86	65.95
Operating costs (USD/boe)	4.46	4.49
Operating cash flow (MUSD)	400.2	778.9
EBITDA (MUSD)	411.9	811.6
Free cash flow (MUSD)	71.6	167.4
Net result (MUSD)	96.2	149.7

All comparative numbers in this presentation have been restated following the change in accounting principle for under/overlift balances



# First Six Months 2019

## EBITDA

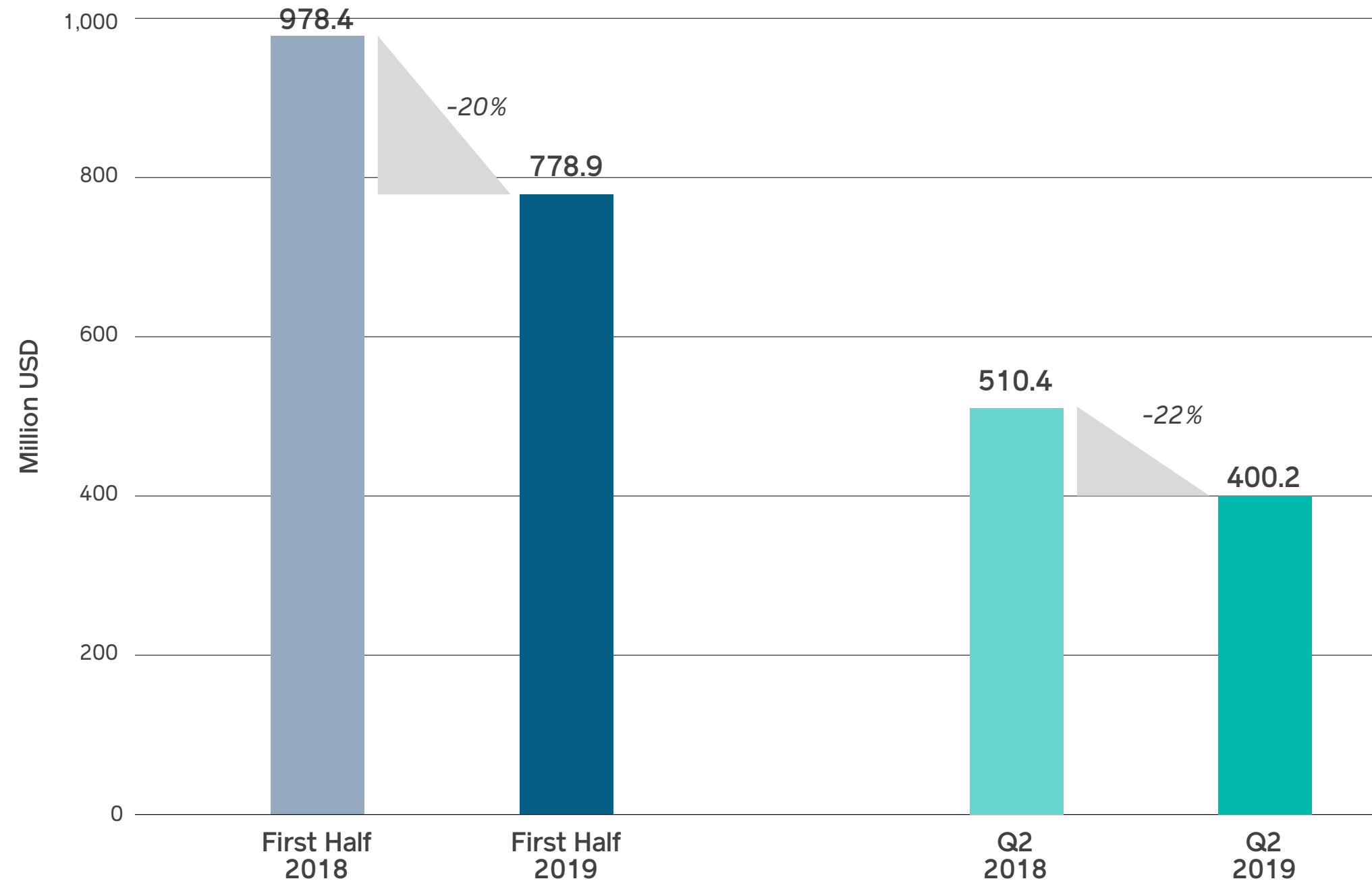




# First Six Months 2019

## Operating Cash Flow

	H1-18	H1-19		Q2-18	Q2-19	
Realised Price USD/boe	68.04	63.09	-7%	71.48	65.41	-8%
Sales boepd	84.5	77.4	-8%	82.9	75.1	-9%
Current tax charge MUSD	8.7	43.8		8.4	17.4	

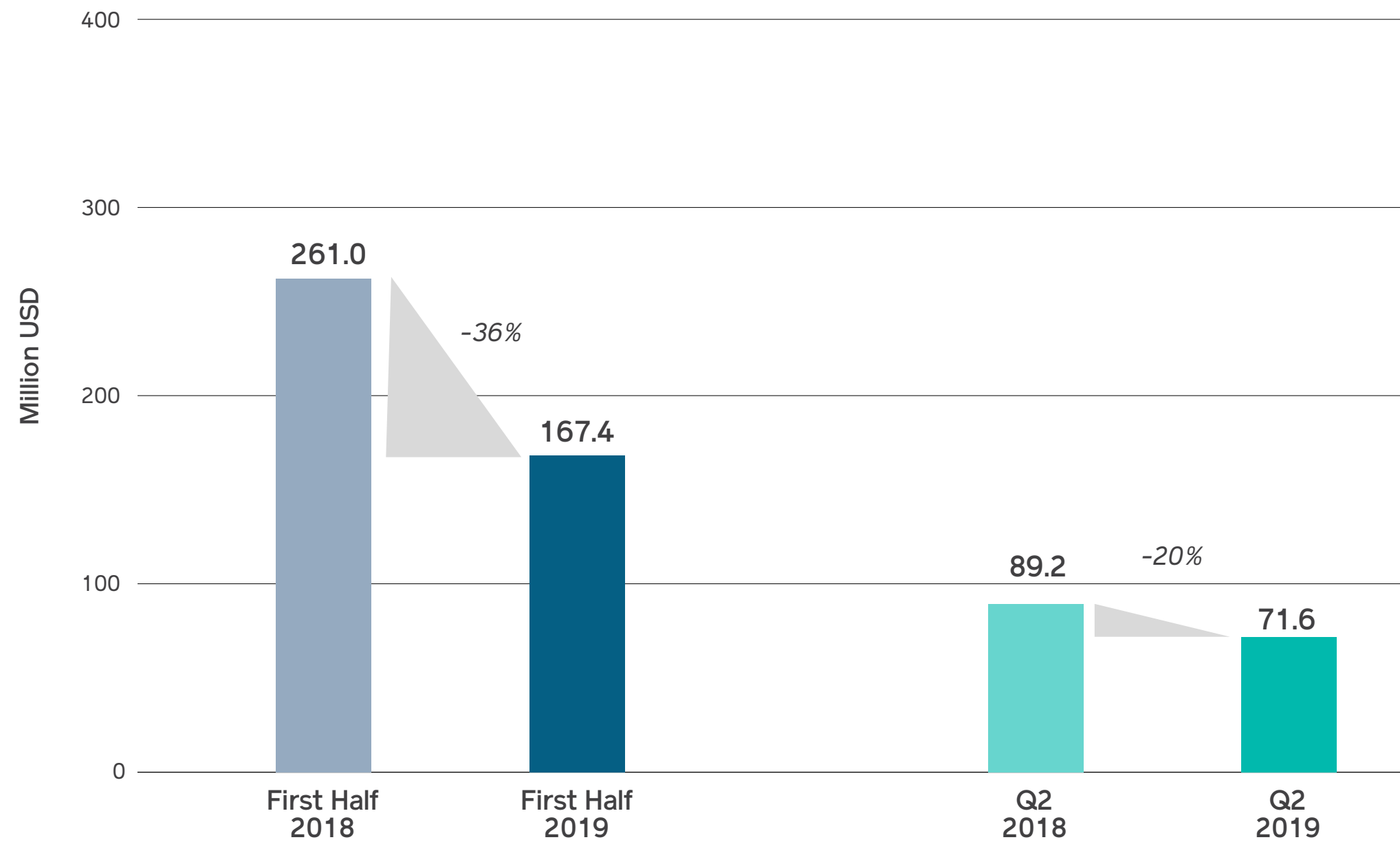




# First Six Months 2019

## Free Cash Flow

	H1-18	H1-19	Q2-18	Q2-19
Cash flow from operating activities	807.4	754.5	404.8	408.7
Cash flow from investing activities	-546.4	-587.1	-315.6	-337.1

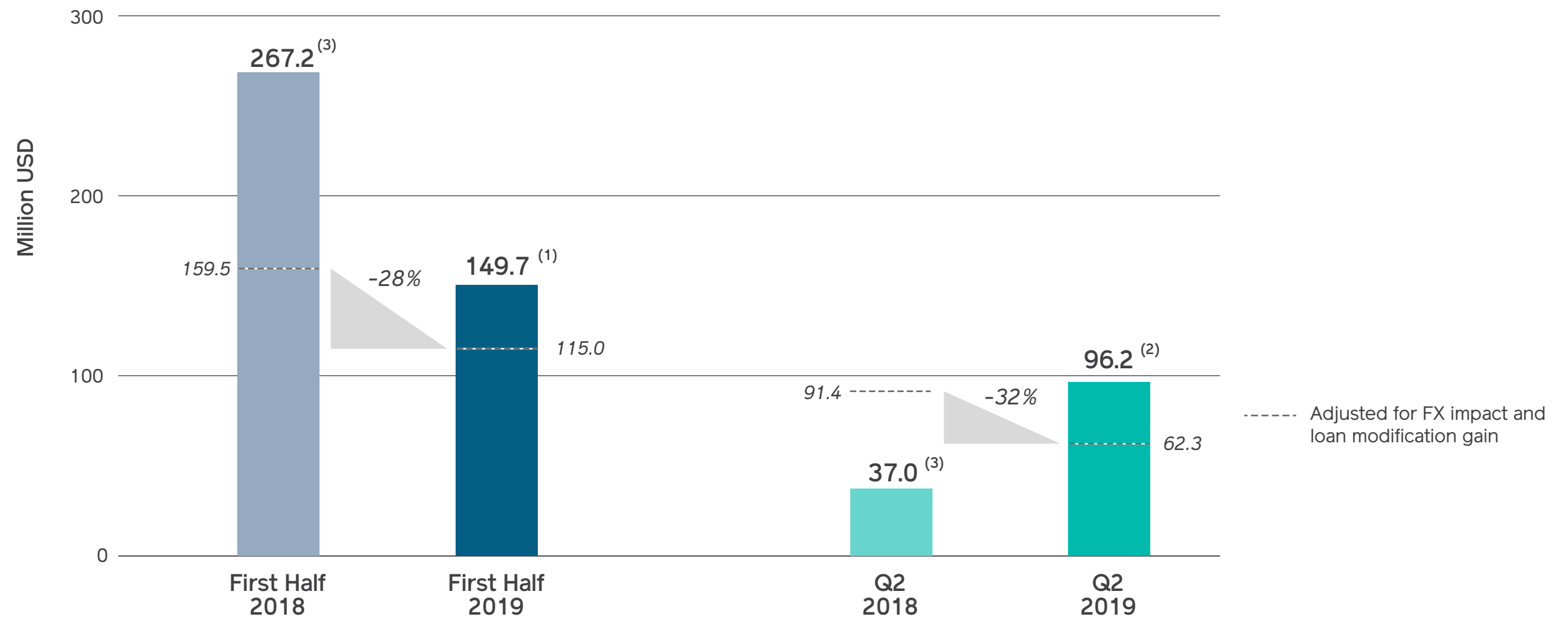




# First Six Months 2019

## Net Results

	H1-18	H1-19		Q2-18	Q2-19	
Price USD/boe	68.04	63.09	-7%	71.48	65.41	-8%
Sales boepd	84.5	77.4	-8%	82.9	75.1	-9%
Exploration costs MUSD	5.9	70.9		6.2	33.6	



<sup>(1)</sup> Includes increase in net foreign exchange gain compared to first half 2018 of MUSD 25.1

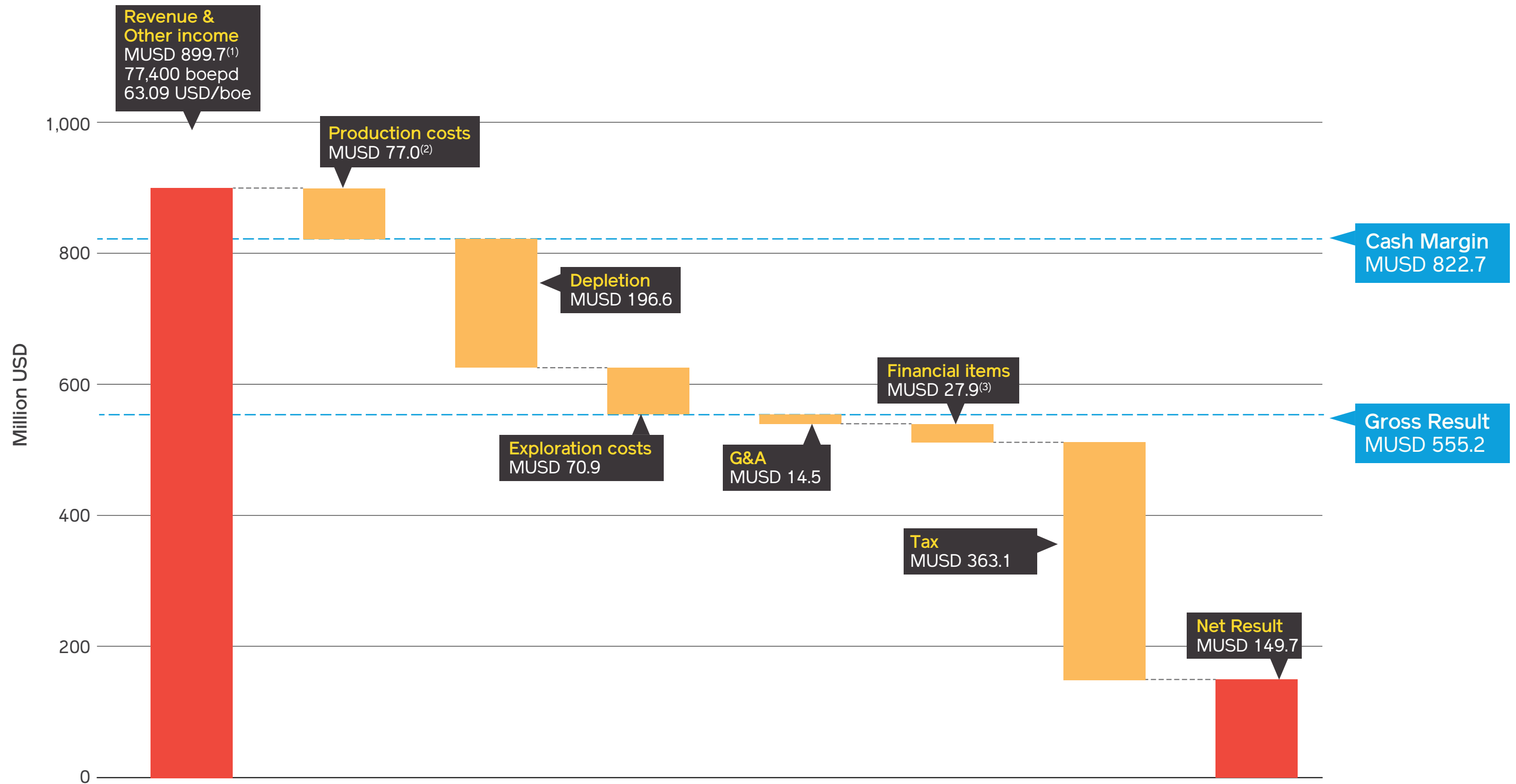
<sup>(3)</sup> Includes post tax accounting gain on loan modification of MUSD 98.1

<sup>(2)</sup> Includes increase in net foreign exchange result compared to second quarter 2018 of MUSD 186.4



# First Six Months 2019

## Income Statement



<sup>(1)</sup> Revenue and other income excludes revenue from third party activities

<sup>(2)</sup> Production costs includes changes in under/overlift positions

<sup>(3)</sup> Financial items includes MUSD 1.0 share in result associated company

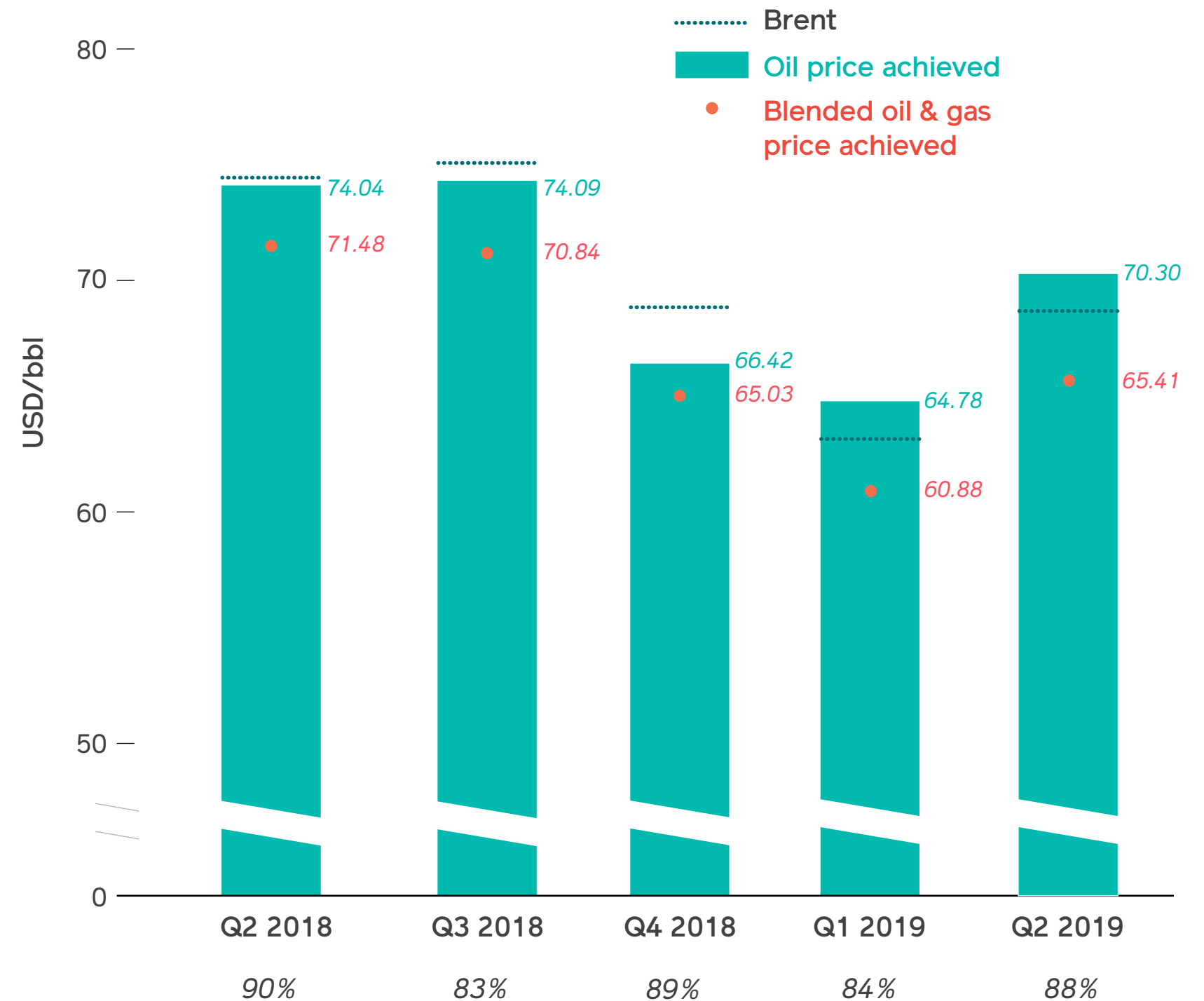


# First Six Months 2019

## Realised Prices

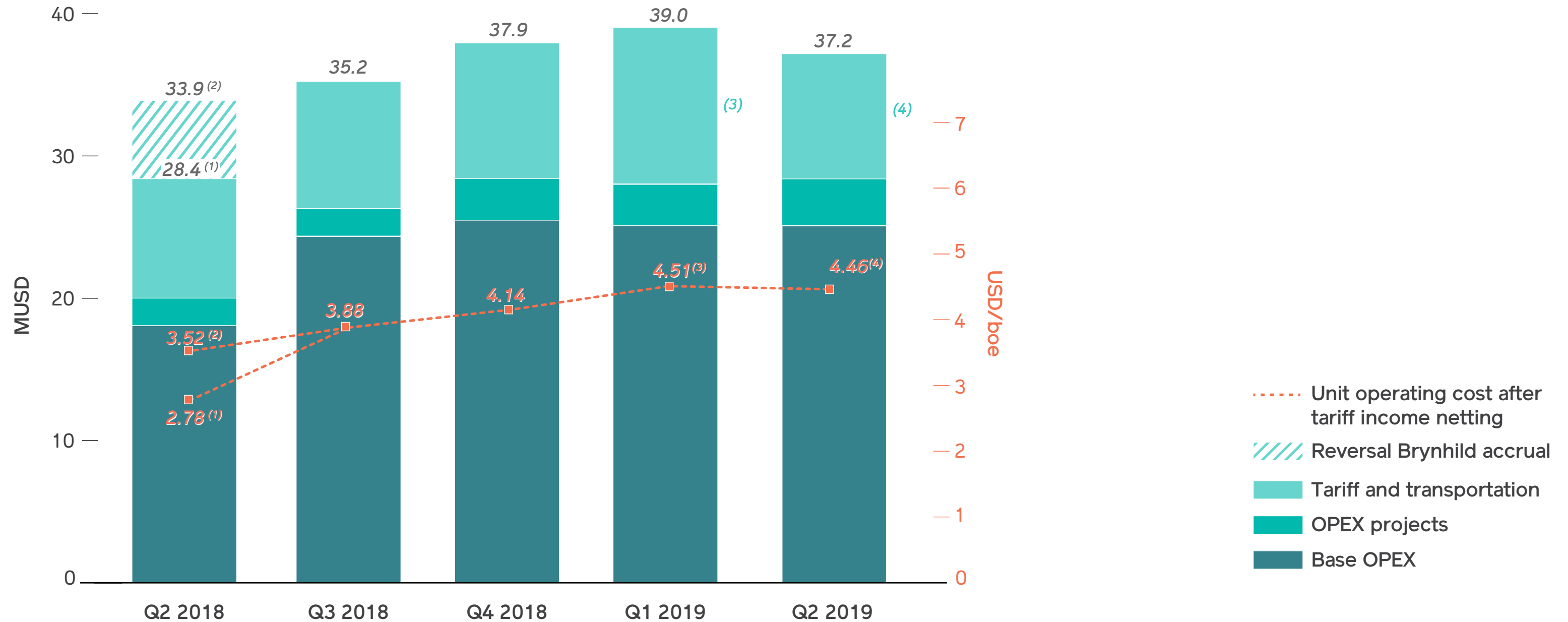
### ➤ Higher realised oil price

- Strong demand for Grane blend  
-> premium during Q2 2019
- Positive impact from timing of liftings



# First Six Months 2019

## Operating Costs



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

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

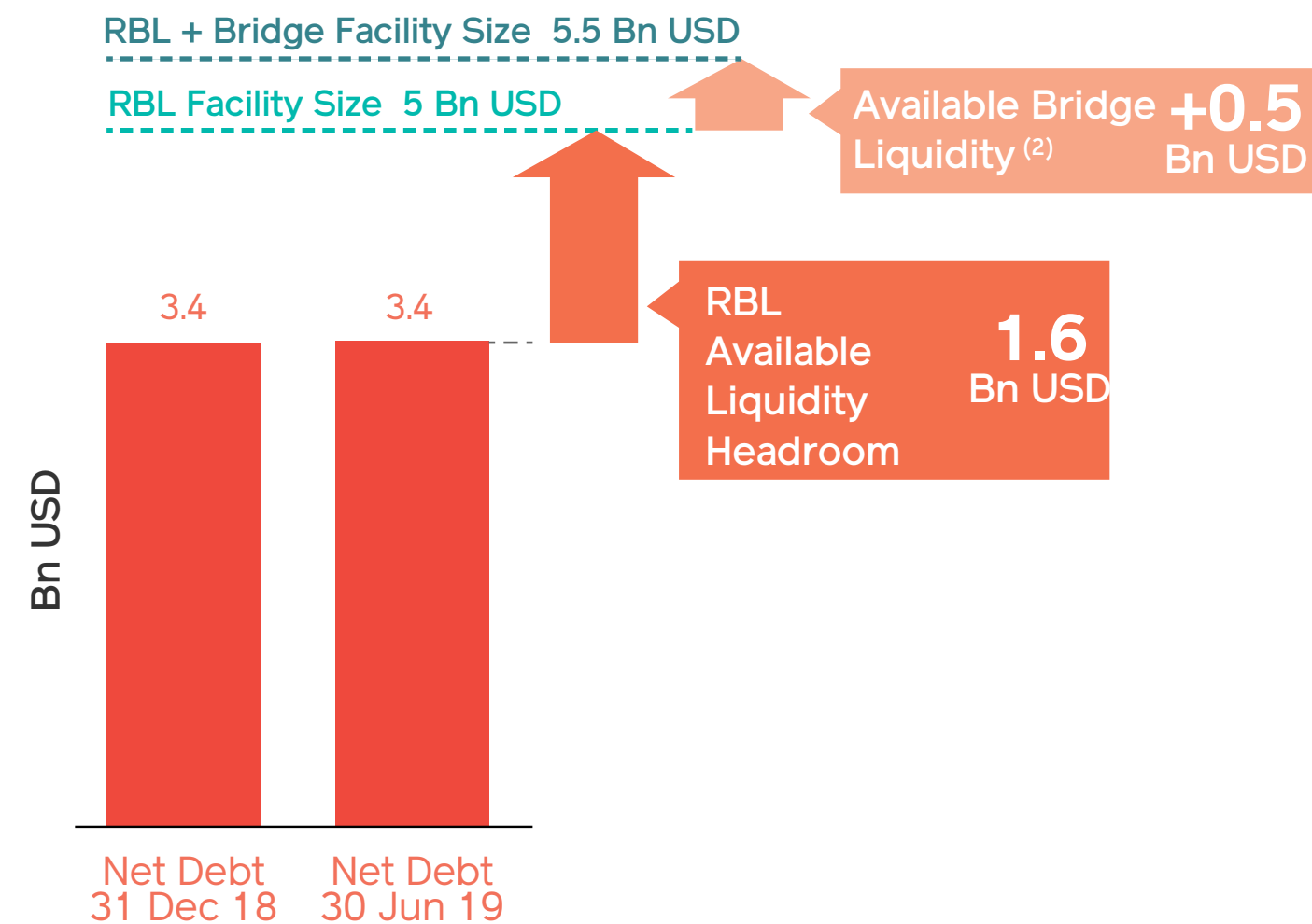
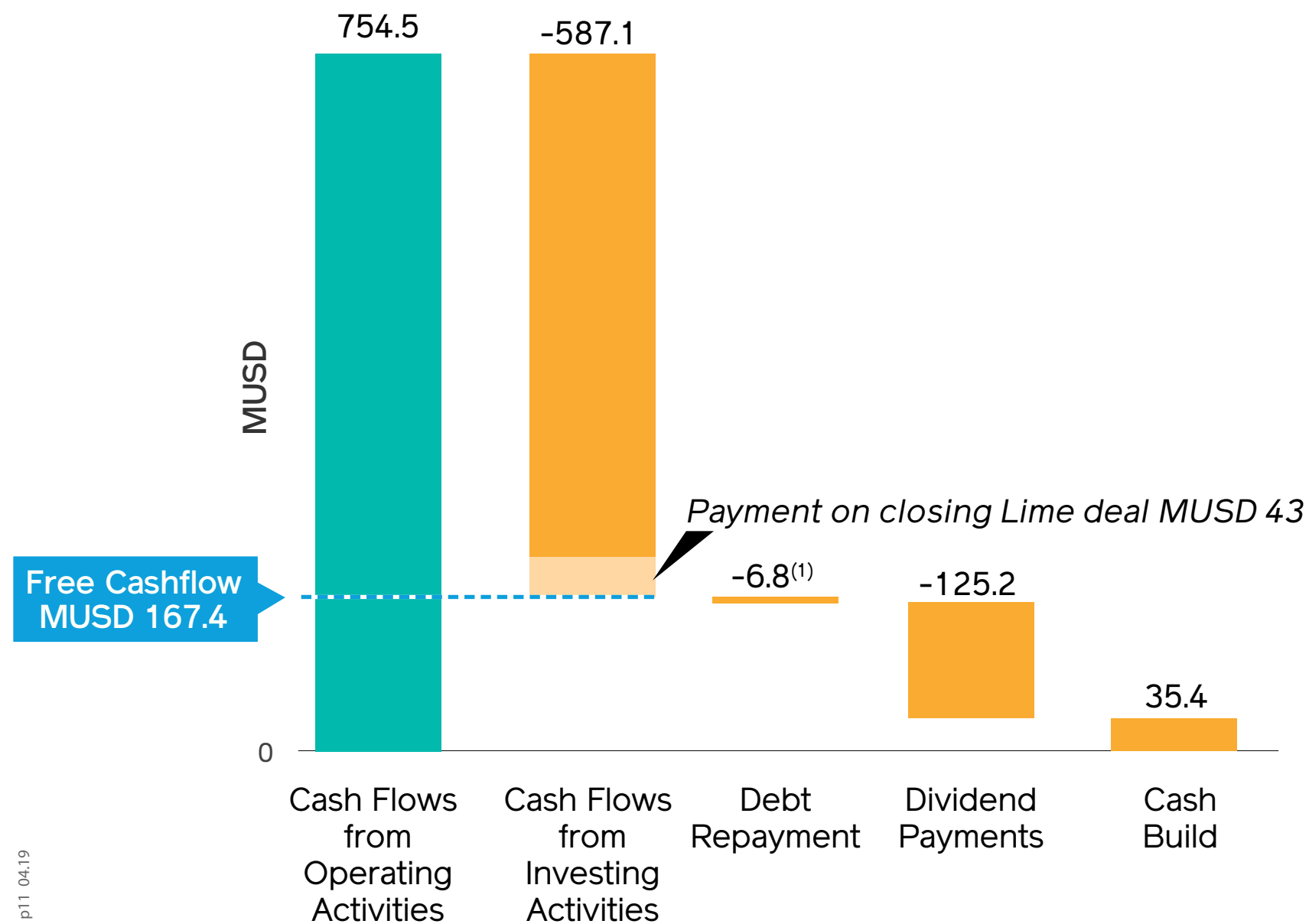
<sup>(3)</sup> Includes MUS\$ 0.9 costs as a result of new delivery terms for Alvheim liftings

<sup>(4)</sup> Includes MUS\$ 0.8 costs as a result of new delivery terms for Alvheim liftings



# First Six Months 2019

## Cash Flow, Debt Position and Liquidity

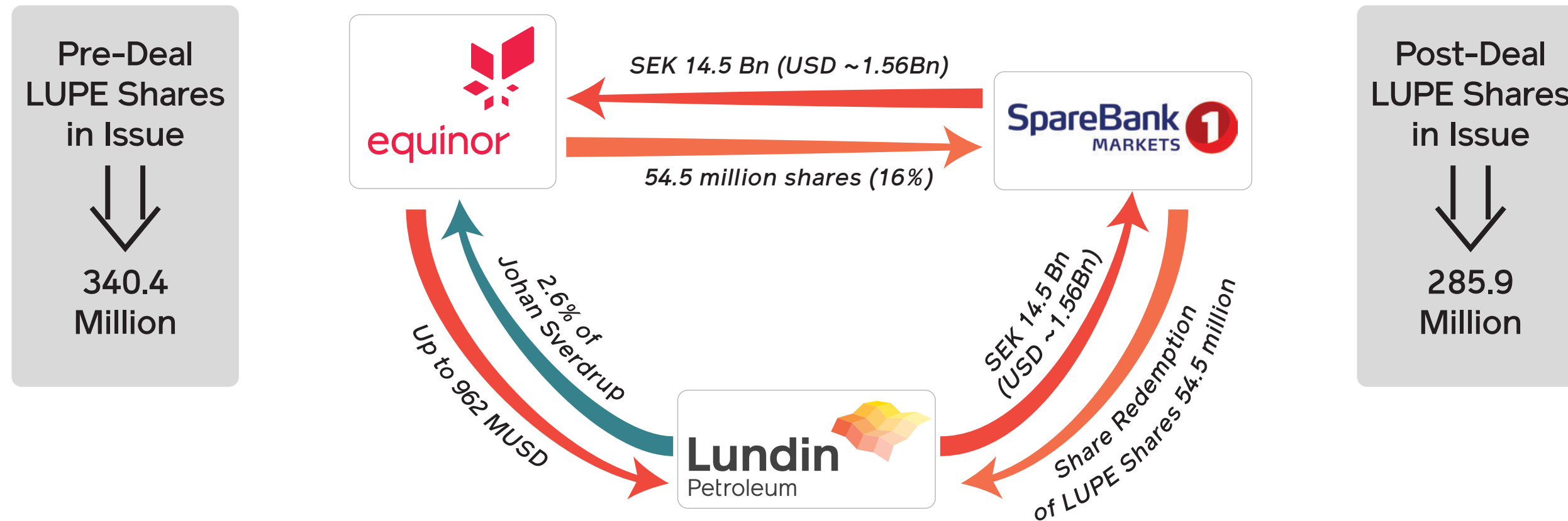


<sup>(1)</sup> Includes MUSD 1.8 reduction in lease commitments

<sup>(2)</sup> Entered into 25/07/2019, subject to EGM approval of transaction

# Equinor Deal

## Transaction Structure



### 1 Share Sale and Redemption

- Equinor selling 54.5 million LUPE shares (16%) at 266.43 SEK/share
  - ➔ 8% discount to closing price on 4<sup>th</sup> July 2019
  - ➔ 7% discount to 3 months and 6 months VWAP price
- Lundin Petroleum to pay SEK 14.5 billion for 54.5 million shares (16%)
  - ➔ The shares are to be redeemed -> LUPE share count reduced to 285.9 million

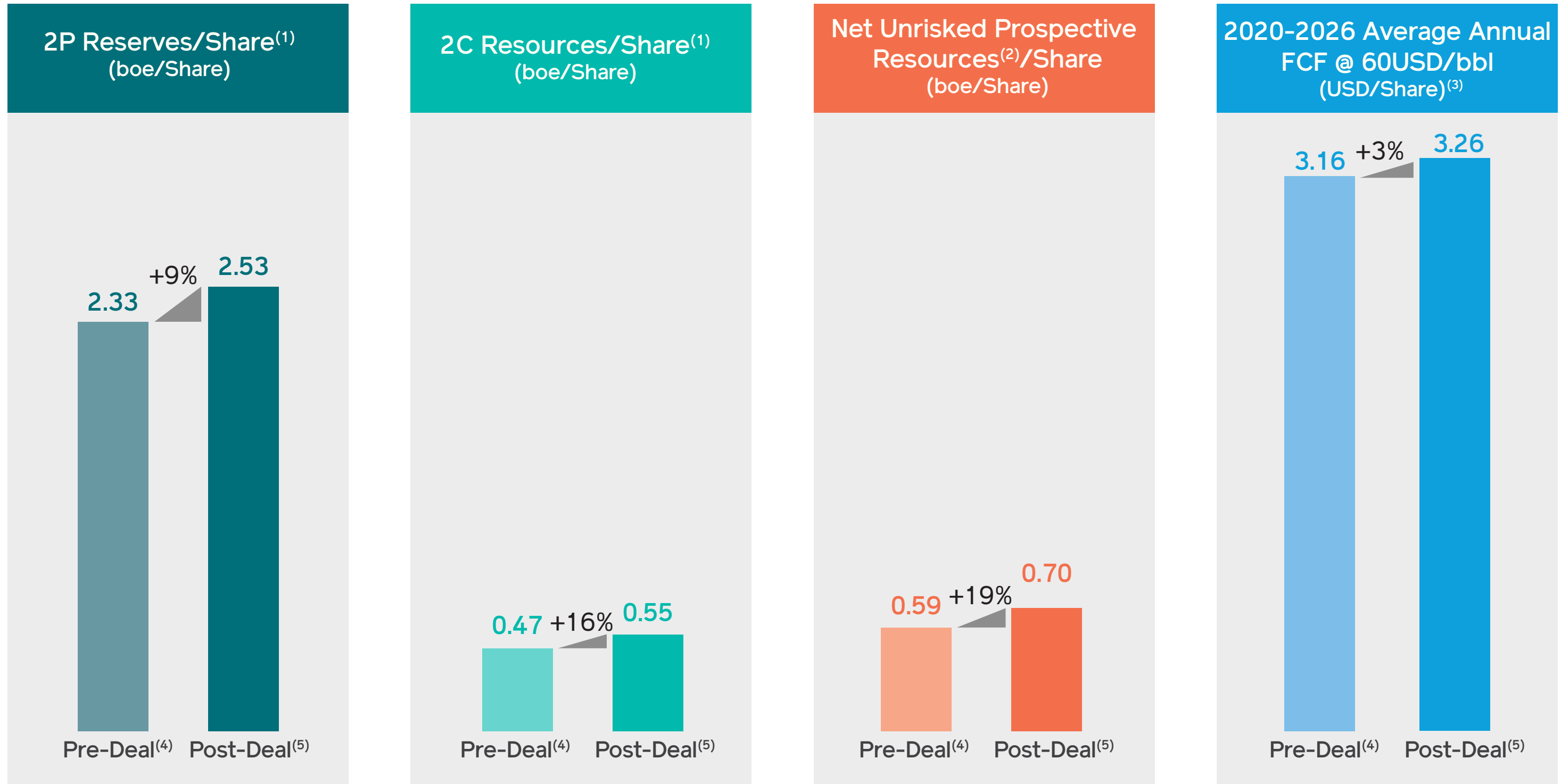
### 2 Lundin Petroleum to sell 2.6% W.I. in Johan Sverdrup to Equinor for upto USD 962 million

- Expected accounting gain of ~750 MUSD to be booked on completion



# Equinor Deal Metrics

## Accretive on a Per-share Basis



1) As at 31/12/2018

2) 31/07/2019 Remaining 2019

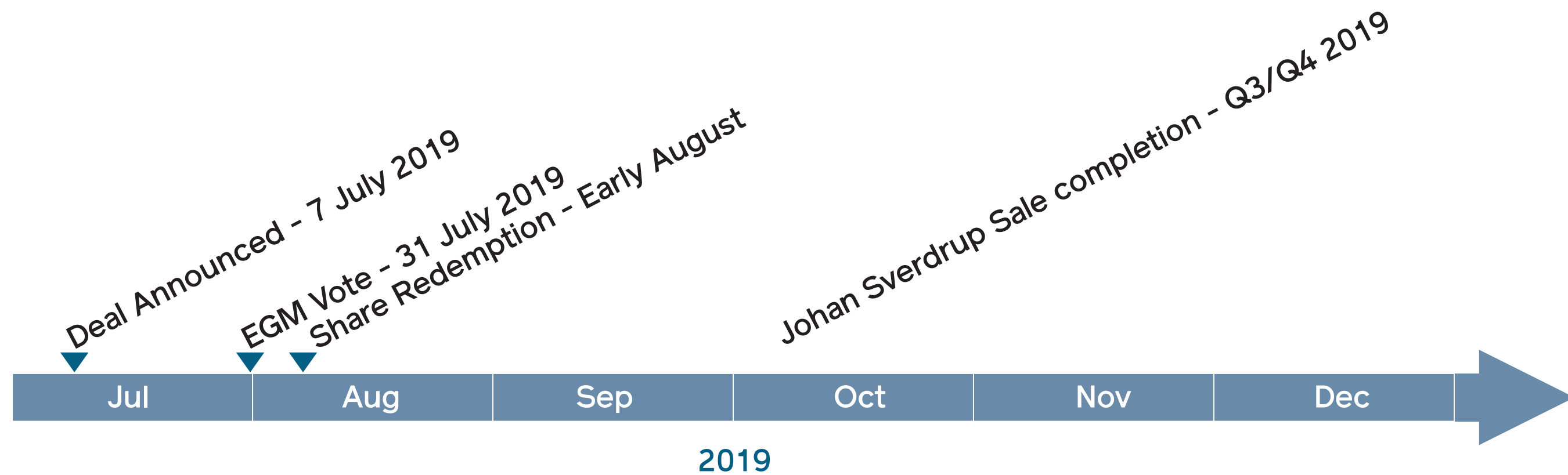
3) Pre-dividends

4) Pre-Deal: 340 million shares

5) Post-Deal: 286 million shares

# Equinor Deal Transaction Timing

- Deal Announced ⇒ 7 July 2019
- EGM Vote ⇒ 31 July 2019
- Share Redemption ⇒ Early August
- Johan Sverdrup Sale completion ⇒ Q3/Q4 2019





# 2019 Latest Guidance

## Post Equinor Deal & Compared to CMD

	CMD	Latest Guidance (Post Equinor deal)
<b>Production Guidance (Mboepd)</b>	75–95	75–95
<b>Operating costs (USD/boe)</b>	4.25	4.25
<b>CAPEX (MUSD)</b>	930	785
<b>E&amp;A Expenditure (MUSD)</b>	300	325
<b>Long Term Guidance</b>		
<b>Production J. Sverdrup Phase 1 Plateau (2020)</b>	>150 Mboepd	>150 Mboepd
<b>Production J. Sverdrup Phase 2 Plateau (2023)</b>	>170 Mboepd	~170 Mboepd
<b>Operating cost from 2020 onwards</b>	3.2–4.2 USD/boe	3.4–4.4 USD/boe

# Lundin Petroleum

## Dividends

- 2018 dividend of USD 1.48/share approved by AGM on 29 March 2019
- Dividend schedule - quarterly payment

Dividend per Share	Dividend Distribution	Ex-dividend Date	Expected Payment Date
USD 0.37	~MUSD 125 <sup>(1)</sup>	1 April 2019	5 April 2019
USD 0.37	~MUSD 125 <sup>(1)</sup>	2 July 2019	8 July 2019
USD 0.37	~MUSD 105 <sup>(2)</sup>	1 October 2019	7 October 2019
USD 0.37	~MUSD 105 <sup>(2)</sup>	2 January 2020	9 January 2020

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

<sup>(2)</sup> Based on number of outstanding shares post Equinor deal



# Lundin Petroleum

## Industry Leading Value Creation

• Delivering growing and sustainable dividend and free cash flow yields

• Johan Sverdrup world class asset, step change in production

• Edvard Grieg area growing and continuing to exceed expectations

• Industry leading operating costs & carbon footprint

• Sustained production performance



# Disclaimer

## Forward-Looking Statements

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