



# Q2 Presentation

CEO Karl Johnny Hersvik

CFO Alexander Krane

*Oslo, 17 July 2014*

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# Highlights

## ■ Acquisition of Marathon Norge AS

- Cash consideration of ~USD 2.1 billion
- Closing of the transaction is expected in fourth quarter 2014
- 136 mmboe<sup>1</sup> of proven and probable reserves, 24 mmboe in contingent resources<sup>2</sup> and approximately 80 mmboe of upside<sup>2</sup> in discoveries

## ■ Long-term financing secured

- Seven year long-term reserve-based lending (RBL) facility of USD 3.0 billion signed
- Rights issue of NOK 3.0 billion ongoing

## ■ Ivar Aasen unitisation and reserves upgrade

- Det norske will have 34.7862% in the unit
- Gross P50 reserves up 35% to 210 mmboe



Signing of the SPA on 1 June

# Creation of a strong Norwegian E&P company

## Strategic fit

- Complementary production profiles
- Diversified asset base across the full E&P life cycle
- Organisations with supplementary skills
- Unique opportunity, at the right timing

## Risk reduction

- Provides the foundation for long-term financing
- Transaction brings strong current cash flow
- Significantly increases operational and financial strength
- Optimized tax structure, reducing risk related to timing and cost of development project

## Growth platform

- Strong platform for future growth
- Strong operational team on Alvheim can be leveraged onto Ivar Aasen
- Increased size broadens set of opportunities and ability to manage portfolio
- Scale creates diversification to support future growth

# Complementary production and cash flow profiles

## Strategic rationale

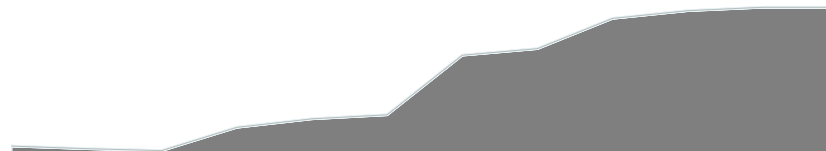
- Alvheim fields' high near term production and cash flows reduce funding need significantly
- Strengthens operational and financial capabilities ahead of development projects
- Reduces the risk associated with timing and cost of development projects as the combined company will be in a tax-paying position

## Illustrative production outlook

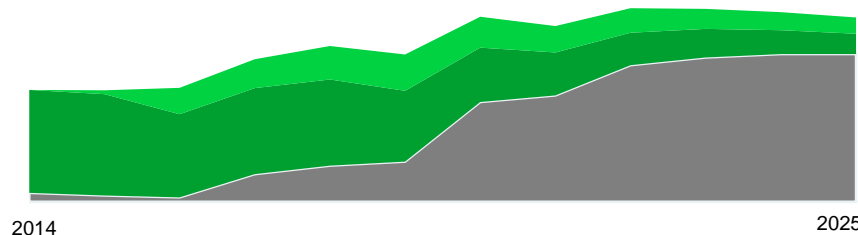
### Marathon Norge



### Det norske



### Combined

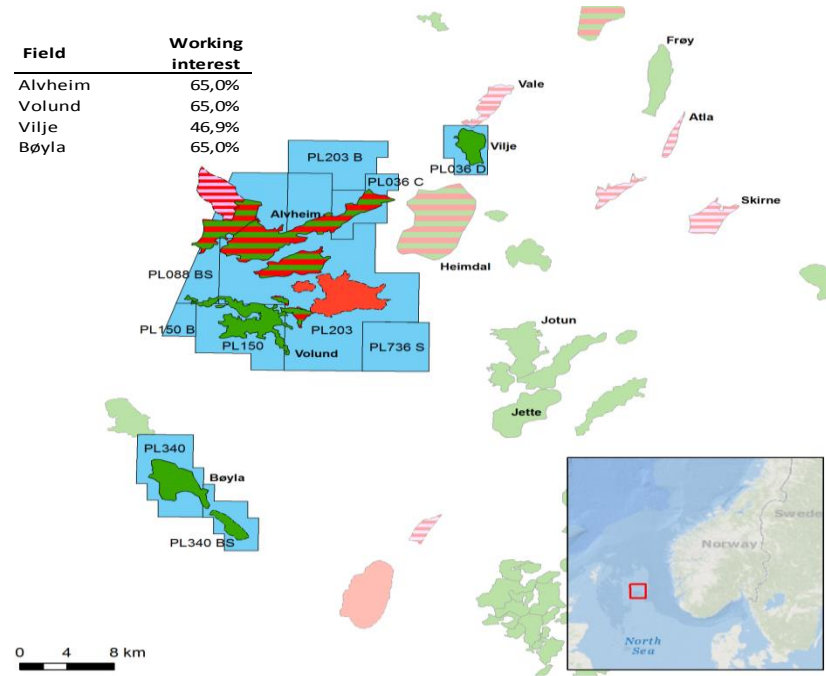


# Acquiring a high quality North Sea portfolio

## Key Alvheim area facts

- Alvheim is a mid-life operated FPSO producing > 100 mboepd<sup>1</sup> (gross) with ongoing development activity and significant upside potential
- Located about 220 km north-west of Stavanger in 120 m water depth
- High quality operations, 98 percent (avg.) FPSO uptime
- Increasing 2P reserves over time
- Low cost of operations
- 2014 production from the Alvheim fields estimated ~60 mboepd (90% oil) net to Det norske

## Greater Alvheim fields



# Increased organic growth potential

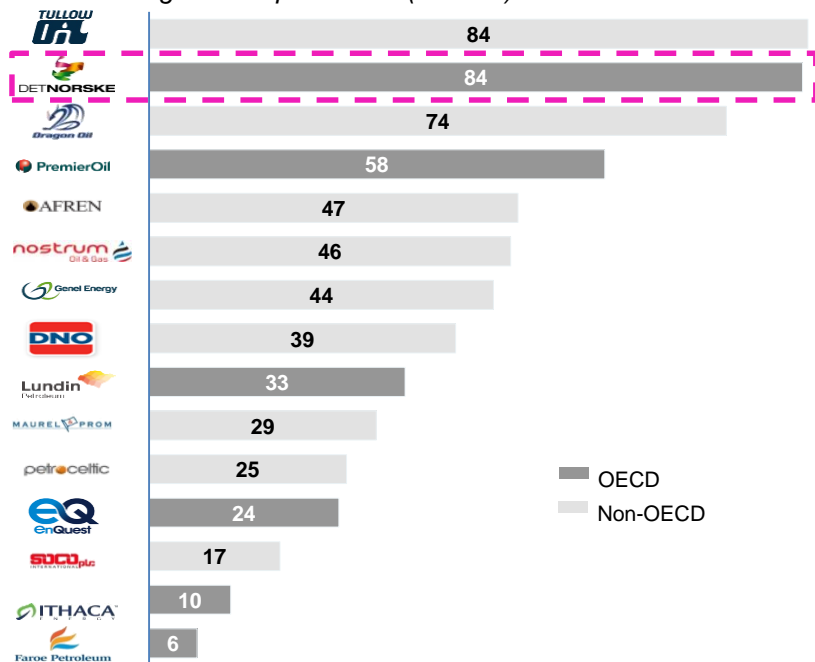


- Creates a robust and modern E&P company, that will build on the combined capabilities of the two teams
- Marathon's organization brings significant operational experience from the Alvheim fields, adding to Det norske's exploration and development capabilities
- Increased organizational capabilities across the E&P value chain
- Synergies expected to be achieved without redundancies
- High potential for organic growth in the combined portfolio

# A transformed company

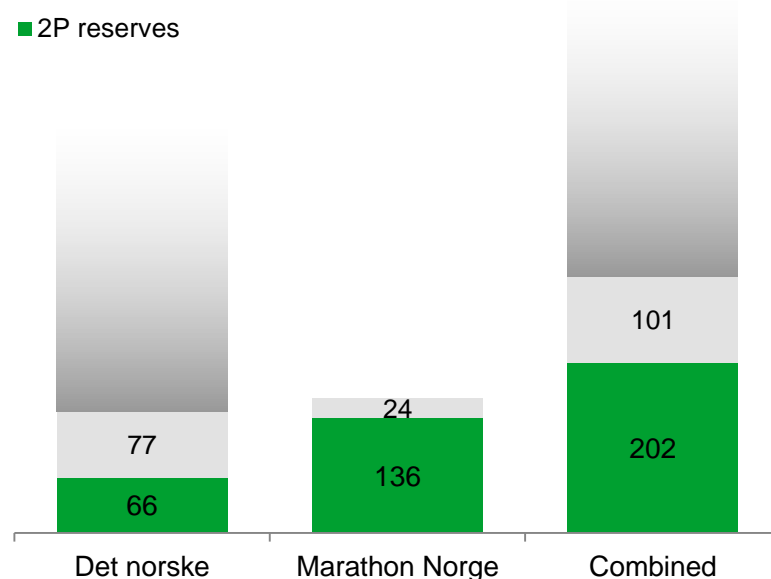
## Listed European E&P independents

2013 working interest production (mboe/d)



## Reserves & contingent resources end 2013 (mmboe)

- 2C contingent resources - Sverdrup
- 2C contingent resources (ex. Sverdrup)
- 2P reserves



<sup>1</sup> Based on Y/E 2013 Annual statement of reserves for Det norske and NPD volumes for the Marathon Norge fields. Contingent resources estimated by Det norske

**DET NORSKE**

Note: Selected companies ranked by reported WI production; OECD vs. non OECD indicates bias of company's asset base  
Source: Company information

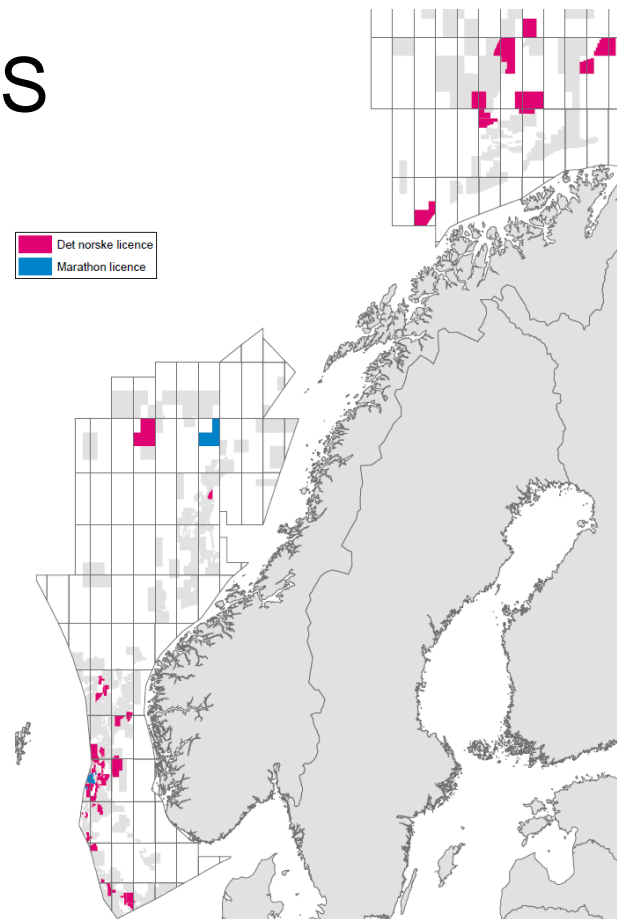
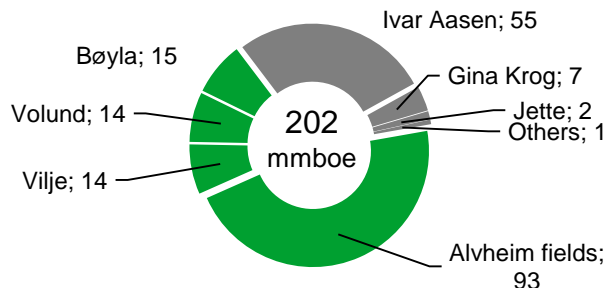


# Diversified asset base on the NCS

## Diversification of reserves (mmboe)

- Over 200 mmboe<sup>1</sup> in combined reserves with approximately 60% in production
- Portfolio balanced across all stages of the E&P lifecycle
  - Significant production
  - Large scale development projects
  - Exploration upsides

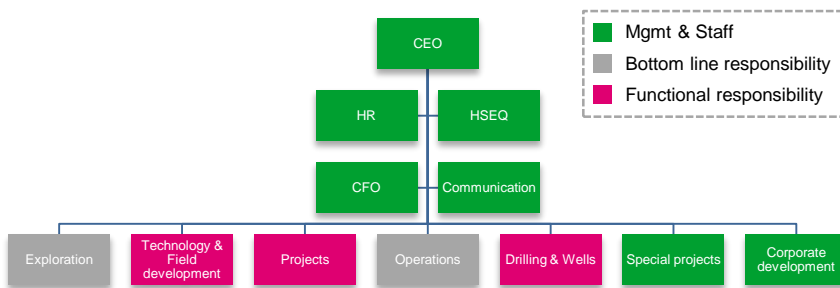
## Proven and probable reserves end 2013 (mmboe)<sup>1</sup>



# Integration process on track

## Integration topics

- Management and organisation
- Governing systems
- Emergency preparedness
- IT systems
- Closing planned in Q4-2014



## New Executive Management team appointed



Karl Johnny Hersvik,  
Chief Executive Officer



Gro G. Haatvedt  
EVP Exploration



Øyvind Bratsberg, EVP  
Technology & Field Dev.



Kjetil Kristiansen,  
EVP Human Resources



Geir Solli,  
EVP Operations



Kjetil Ween,  
EVP Drilling and Wells



Elke Njå,  
EVP Special Projects



Alexander Krane,  
Chief Financial Officer



Leif Gunnar Hestholm,  
EVP HSE&Q



EVP Projects (vacant),  
Acting: Karl Johnny Hersvik



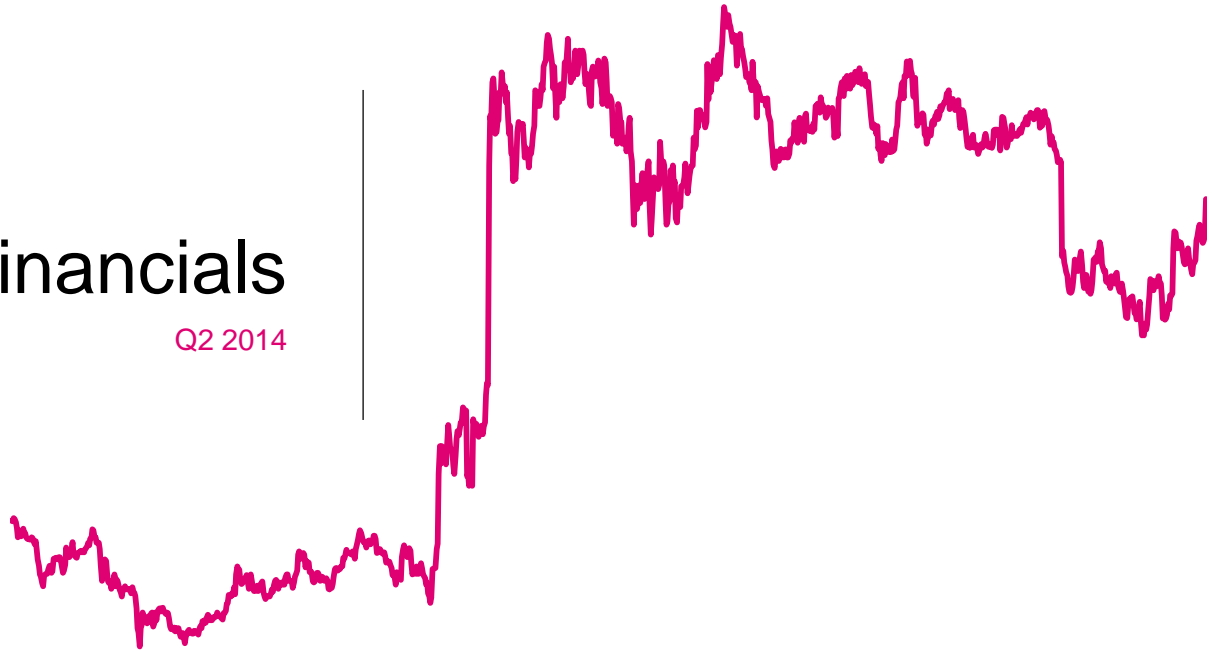
EVP Corporate Dev. (vacant)  
Acting: Elke Njå



EVP Communication  
(vacant)

# Financials

Q2 2014



# Statement of income

Income statement (NOK mill)	Q2 2014	Q2 2013	Q1 2014
Revenues	454	286	158
Production costs	45	57	43
Payroll and payroll-related expenses	5	29	5
Other operating expenses	79	57	13
<b>EBITDAX</b>	<b>325</b>	<b>143</b>	<b>98</b>
Exploration expenses	123	271	110
<b>EBITDA</b>	<b>202</b>	<b>(128)</b>	<b>(12)</b>
Depreciation	82	148	89
Impairment losses	-	2	167
<b>Operating profit/loss (EBIT)</b>	<b>119</b>	<b>(277)</b>	<b>(268)</b>
Net financial items	(146)	(49)	(60)
<b>Profit/loss before taxes</b>	<b>(27)</b>	<b>(326)</b>	<b>(329)</b>
Tax income	193	284	313
<b>Net profit/loss</b>	<b>167</b>	<b>(41)</b>	<b>(16)</b>

# Statement of financial position

## Assets (NOK mill)

	30.06.14	30.06.13	31.03.14
Intangible assets	2 949	3 446	2 520
Property, plant and equipment	4 105	2 651	3 536
Calculated tax receivables (long)	415	576	148
Deferred tax asset	820	-	665
Receivables and other assets	1 221	951	1 230
Calculated tax receivables (short)	1 421	1 283	1 417
Cash and cash equivalents	966	836	821
<b>Total Assets</b>	<b>11 898</b>	<b>9 741</b>	<b>10 467</b>

## Equity and Liabilities (NOK mill)

	30.06.14	30.06.13	31.03.14
Equity	3 339	3 674	3 173
Other provisions for liabilities incl. P&A (long)	928	1 122	915
Bonds	2 477	591	2 476
Revolving credit facility	2 470	2 147	2 150
Exploration facility	1 184	1 273	681
Creditors, other current liabilities incl. P&A (short)	1 499	935	1 072
<b>Total Equity and Liabilities</b>	<b>11 898</b>	<b>9 741</b>	<b>10 467</b>

# Q1 Pro forma financials\*

## Pro forma Income Statement as of 31.03.14 (MNOK)

Income statement	DET NOR	MONAS	Adjust.	Pro forma
Revenues	158	4 130	-75	4 214
Production costs	43	533	-10	565
Payroll and payroll-related expenses	5			5
Other operating expenses	13	18	52	84
<b>EBITDAX</b>	<b>98</b>	<b>3 580</b>	<b>-117</b>	<b>3 560</b>
Exploration expenses	110	15		125
<b>EBITDA</b>	<b>-12</b>	<b>3 564</b>	<b>-117</b>	<b>3 435</b>
Depreciation	89	243	401	733
Impairment losses	167			167
<b>Operating profit/loss (EBIT)</b>	<b>-268</b>	<b>3 321</b>	<b>-518</b>	<b>2 535</b>
Net financial items	-60	-91	-287	-438
<b>Profit/loss before taxes</b>	<b>-329</b>	<b>3 147</b>	<b>-721</b>	<b>2 097</b>
Tax loss/income	-313	2 419	-354	1 752
<b>Net profit/loss</b>	<b>-16</b>	<b>728</b>	<b>-366</b>	<b>346</b>

## Pro forma Balance Sheet as of 31.03.14 (MNOK)

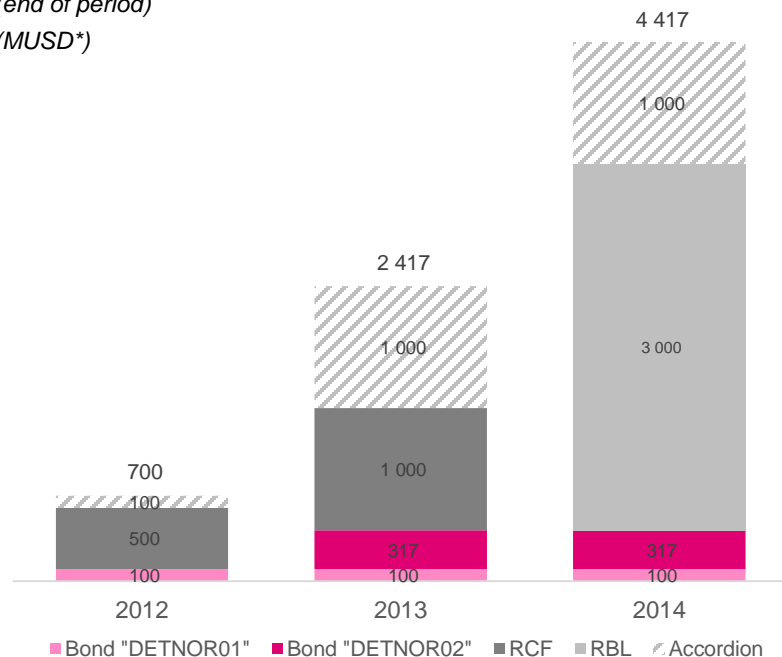
Assets	DET NOR	MONAS	Adjust.	Pro forma
Intangible assets	2 520	251	16 509	19 280
Property, plant and equipment	3 536	5 064	1 166	9 766
Calculated tax receivables (long)	148			148
Deferred tax asset	795	588	-588	795
Receivables and other assets	1 230	10 769	-4 603	7 396
Calculated tax receivables (short)	1 417			1 417
Cash and cash equivalents	821	648		1 469
<b>Total Assets</b>	<b>10 467</b>	<b>17 319</b>	<b>12 484</b>	<b>40 270</b>

Equity and Liabilities	DET NOR	MONAS	Adjust.	Pro forma
Equity	3 173	999	1 836	6 008
Other provisions for liabilities	915	2 179	5 908	9 002
Bonds	2 476	0	-593	1 882
Long-term debt	2 150	3 374	8 744	14 269
Short term loan	681	0	-681	0
Creditors, other current liabilities	1 072	10 767	-2 730	9 109
<b>Total Equity and Liabilities</b>	<b>10 467</b>	<b>17 319</b>	<b>12 484</b>	<b>40 270</b>

# Long-term financing secured

## Committed and uncommitted debt financing

(end of period)  
(MUSD\*)



## Funding secured for current programme

- **USD 3.0 bn reserve based lending (RBL) facility**
  - Facility has been fully underwritten by BNP Paribas, DNB, Nordea and SEB
  - Senior seven-year facility to replace the USD 2.2 billion acquisition bridge facility and refinance the existing RCF upon closing
  - Improved terms compared to the current credit facility:
    - LIBOR plus a margin of 2.75%, plus a utilisation fee of 0.25%/0.5% based on the amount drawn under the facility
  - The facility includes an additional USD 1.0 billion uncommitted accordion option
- **Rights issue as an integral part of the long-term financing plan**
  - Rights issue is currently ongoing

# Rights issue currently ongoing

- Proposed rights issue of approximately NOK 3.0 billion (USD 500 million)
- 61,911,239 new shares to be issued at NOK 48.50 per share
- Shareholders registered in the VPS per the cut-off date 14 July were allotted tradable and preferential subscription rights
- Aker has pre-committed to subscribe for its share (49.99%), remaining 50.01% is fully underwritten by a consortium of banks (subject to customary conditions)
- Together with the reserve-based lending facility of USD 3.0 billion and the uncommitted accordion option of USD 1.0 billion, the rights issue is part of the overall refinancing to fund ongoing development projects, the acquisition of Marathon Oil Norge AS and general corporate purposes.

→ Extraordinary General Meeting	July 3, 2014
→ Subscription price set / Cut-off date for subscription rights	July 9, 2014
→ Subscription period start	July 15, 2014
→ Subscription period end	July 29, 2014
→ Payment of shares	Aug 4, 2014
→ Delivery and listing of shares	On or about Aug 6, 2014

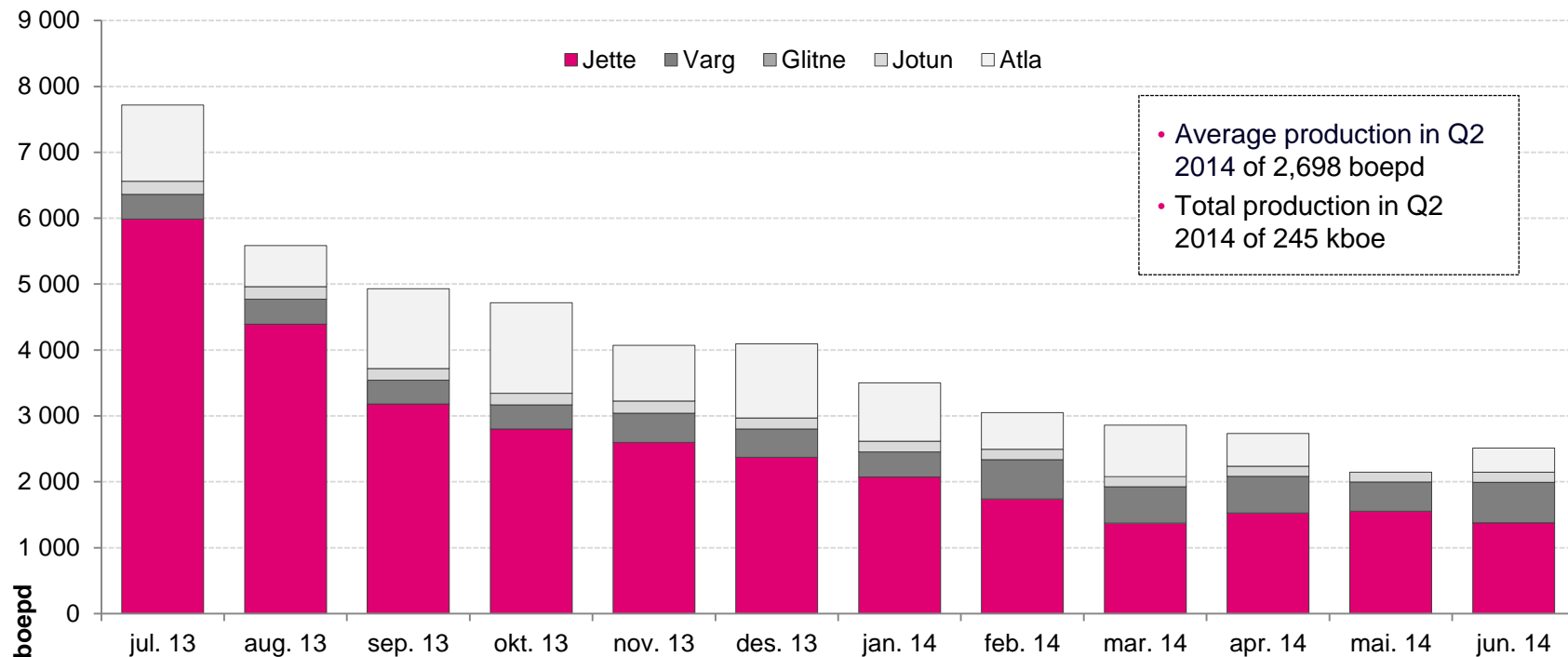


# Production

Q2 2014

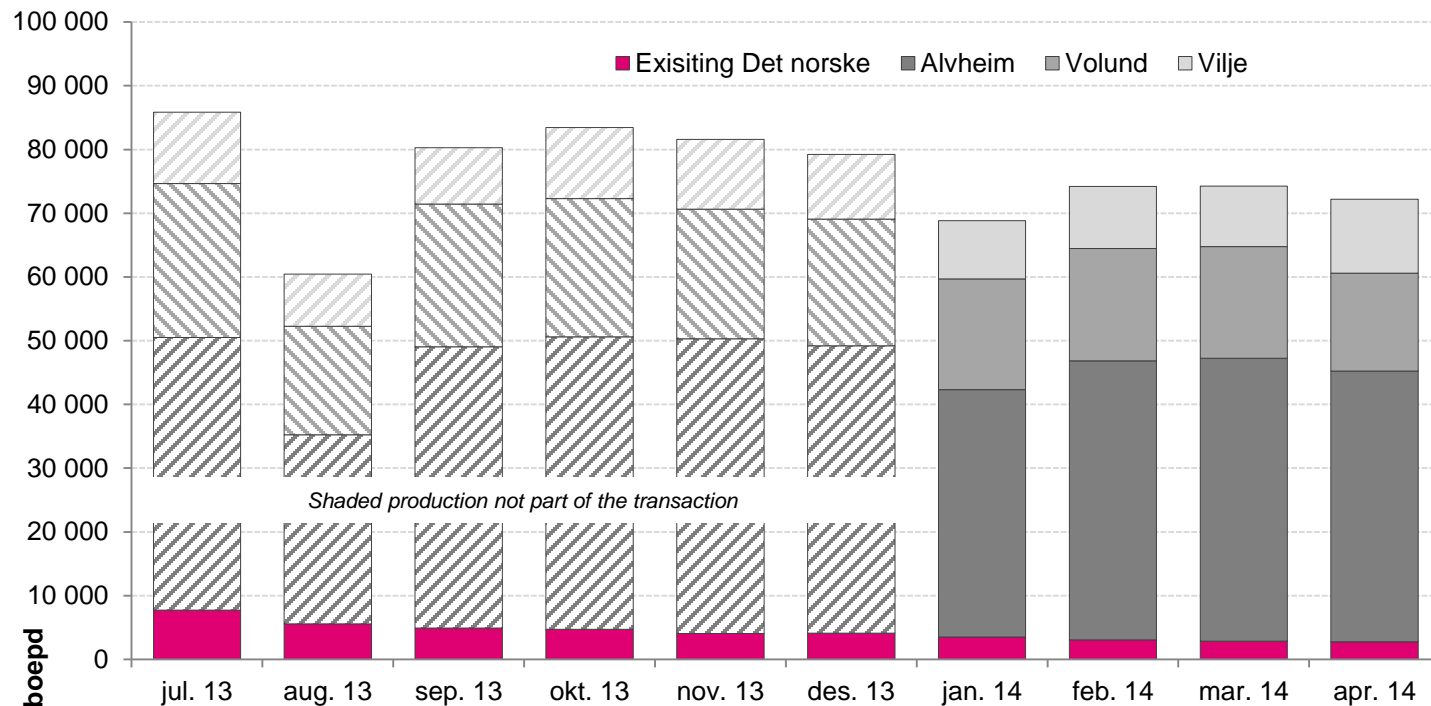


# Oil and gas production last 12 months



# Oil and gas production (including Marathon\*)

Through April 2014 (latest available NPD date\*)



# Ivar Aasen

Q2 2014



# Increasing the stake in Ivar Aasen

## Two swap agreements

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### ■ Spike Exploration swap agreement

- Swapped a 10% interest in PL 554/B/C (containing Garantiana) for a 20% interest in PL 457
- PL 457 is located adjacent and to the east of licence 001B (Ivar Aasen) on the Utsira High

### ■ E.ON swap agreement

- Swap two exploration licenses – 15% in PL 613 in the Barents Sea and 10% in PL 676S the North Sea – plus a cash consideration for a 20% share in PL 457

### ■ Det norske now holds 40% in PL 457

- Subject to approval from the relevant authorities



Ivar Aasen

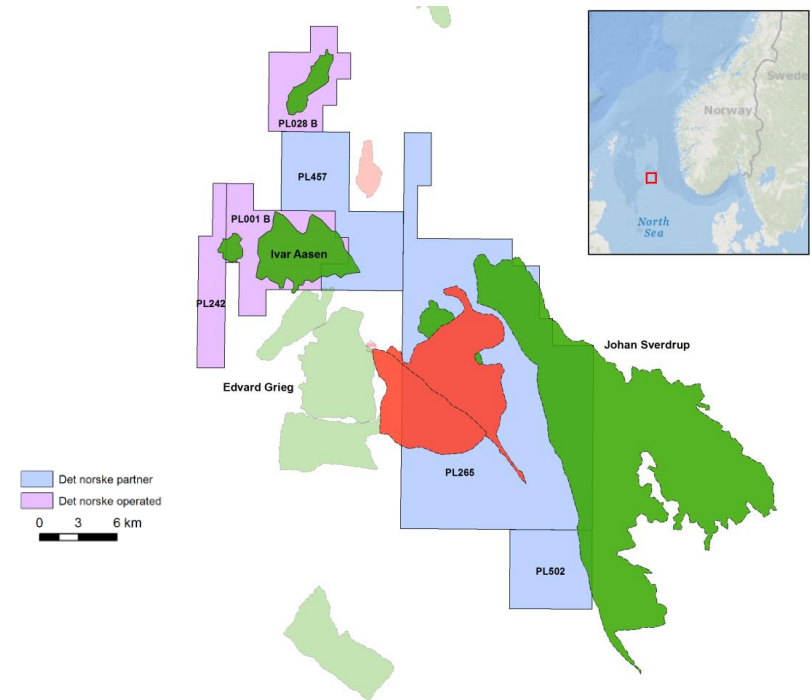


# Ivar Aasen grows bigger

## Unitisation completed

- **Unit agreement**
  - Agreement signed between licencees in PL001B, PL242, PL457 and PL338
- **Det norske will have 34.7862% in the unit**
  - Unit comprises the Ivar Aasen and West Cable deposits
  - Hanz (DET NOR 35%) remains in PL028B: to be developed in phase 2
- **Gross P50 reserves up 35% to 210 mmboe at no extra well cost**
  - 74 mmboe net to DETNOR
  - Resulting from inclusion of PL457 volumes, positive well results from well 16/1-16 and ocean-bed seismic
- **Total investments to remain at NOK 27.4 bn (nom.), unchanged from PDO**
  - CAPEX per barrel down 25%

## Ivar Aasen map



# Ivar Aasen project update

## ■ Ivar Aasen project status

- Project is on schedule and on cost for first oil in the Q4 2016, but the project is in an early phase

## ■ Construction is ongoing

- Construction of both jacket, topsides and living quarters have commenced and is currently ongoing



Sardinia: Jacket roll-up



## Project timeline

1H 2013	Approval of development	✓
	Detailed design of jacket and topside	✓
2H 2013	Start-up of construction jacket	✓
1H 2014	Start-up of construction topside	✓
	Conclusion of unit agreement	✓
	Start-up of construction living quarters	✓
2H 2014		
1H 2015	Jacket lifted into place	
2H 2015	Mærsk starts drilling of production wells	
	Installation of pipelines	
1H 2016	Topside to leave SMOE yard	
	Installation of topside	
	Installation of living quarters	
2H 2016	Hook-up and commissioning	
	Production start-up	



# Construction ongoing



Singapore: Follow-up of topside and drilling rig construction



Sardinia: Jacket roll-up on July 15



# Johan Sverdrup

Q2 2014



# Johan Sverdrup project status

## ■ Phase 1 DG3/PDO work ongoing

- The front-end engineering and design ("FEED") scheduled to be completed by November
- Aker Solutions is the main FEED contractor (platform facilities)

## ■ Letter of intent signed with Kværner

- Kværner set to deliver two of the planned steel jackets to the Johan Sverdrup development
- Riser platform jacket scheduled for summer 2017, drilling platform jacket scheduled for spring 2018

## ■ Full Utsira High electrification within 2022

- Phase 1 to supply Johan Sverdrup only
- Norwegian Parliament has decided that full Utsira High electrification shall be implemented by 2022

## ■ Appraisal programme completed

- Geitungen sidetrack was completed in April



# Milestones



The \_\_\_\_\_  
**JOHAN SVERDRUP**  
\_\_\_\_\_ field



DET**NORSKE**

## **December 2013**

**FEED contract** for phase 1 awarded to Aker Solutions

## **February 2014**

**Decision Gate 2** passed

## **Q1 2015**

**Phase 1 PDO** submittal to the authorities and unitisation process finalised

## **Q2 2015**

**Phase 1 PDO** approval

## **2015-2019**

**Construction & Installation**

## **Q4 2019**

**First oil production**

# Exploration

Q2 2014

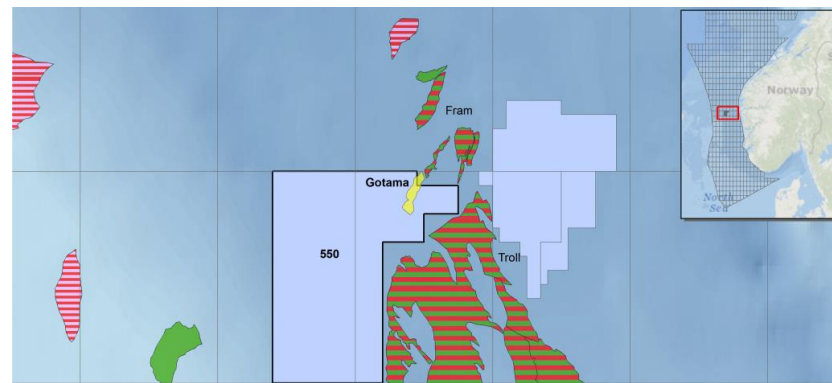


# Second quarter exploration results



## ■ Dry well at Terne










- The 6507/5-7 exploration well on the Terne prospect in PL558 in the Norwegian Sea did not encounter hydrocarbons
- Det norske is partner in the license with 10 percent interest, pending government approval
- The well was drilled by the Borgland Dolphin rig



## ■ Dry well at Gotama

- The 31/2-21 S exploration well in PL 550 did not encounter reservoir quality sandstones in the Upper Jurassic main target
- Det norske is partner in the license with a 10 percent interest
- The well was drilled by the Borgland Dolphin rig

# 2014 drilling plan

Prospect	Share	mmboe	Operator	Rig	Q1 2014	Q2 2014	Q3 2014	Q4 2014
PL 102F Trell	10%	15-121	Total	Leiv Eriksson				
PL 659 Langlitinden	20%	154-374	Det norske	Trans. Barents				
PL 265 JS Geitungen	20%	Appr.	Statoil	Ocean Vanguard				
PL 550 Gotama	10%	10-150	Tullow Oil	Borgland Dolphin				
PL 558 Terne	10%*	15-145	E.ON	Borgland Dolphin				
PL 554 Garantiana 2	10%**	Appr.	Total	Leiv Eriksson				
PL 492 Gohta 2	40%	Appr.	Lundin	Island Innovator				
PL 494 Heimdalshøe	30%	30-230	Det norske	Maersk Giant				
PL 553 Kvitvola	40%	13-115	Det norske	Borgland Dolphin				

\* After completion of sale of 10% pending government approval

\*\* After asset swap of 10% in PL554 for 20% in PL457, pending government approval

Please note that the drilling plan is often subject to changes due to rig planning etc.



Partner operated wells

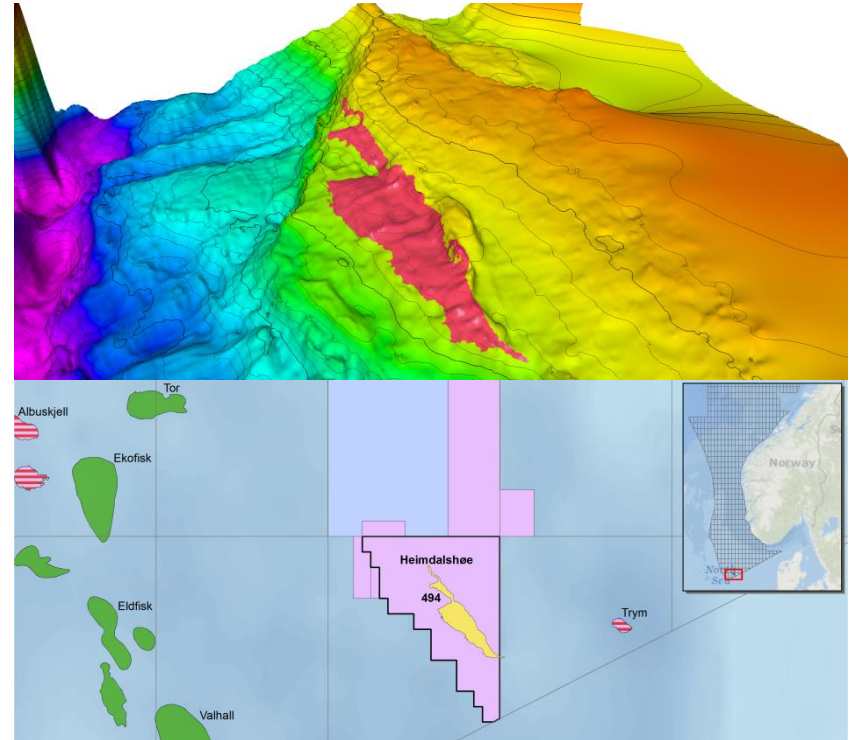


Det norske operated wells

# PL 494 Heimdalshøe

- **License located east of the Ekofisk field**
- **Potential gross resources:**
  - 30-230 mmboe
- **Prospect information:**
  - Main target: Upper Jurassic Volgian & Kimmeridge
  - Source: Upper Jurassic shales
  - Trap: Structural, fault dependent
  - Main risk: Reservoir presence and quality
- **Water depth**
  - 65 meters
- **Ownership**

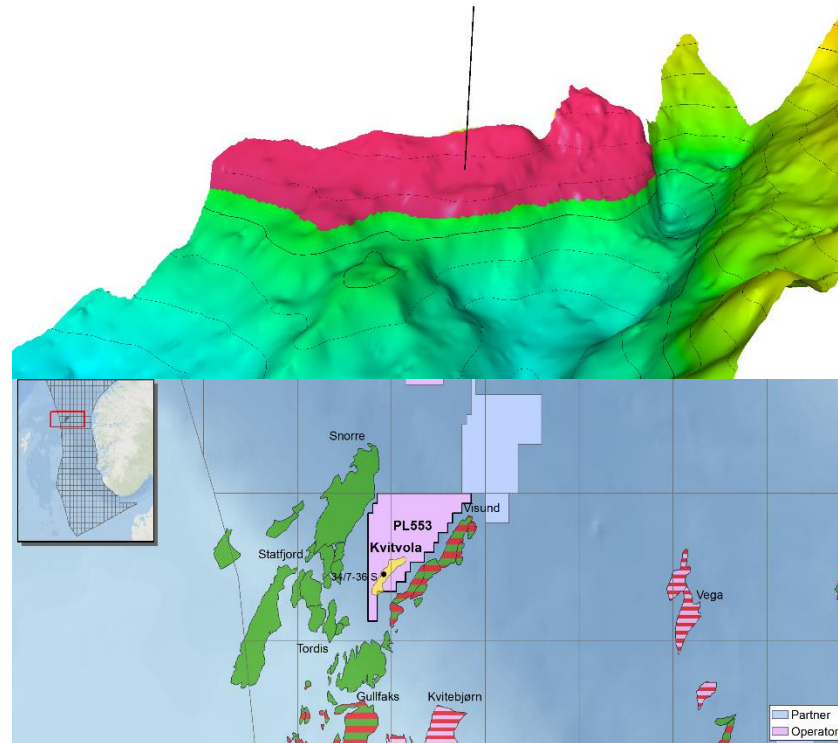
• Det norske (o)	30%
• Spike	15%
• Dana	24%
• Fortis	16%
• Tullow	15%



# PL 553 Kvitvola

- **License located west of the Visund Field**
- **Potential gross resources:**
  - 13-115 mmboe
- **Prospect information:**
  - Main target: Upper Jurassic sandstones
  - Source: Upper Jurassic shales
  - Trap: Stratigraphic with fault-dependent spillpoint
  - Main risk is the reservoir presence and seal
- **Water depth**
  - 260 meters
- **Ownership**

• Det norske	40% (operator)
• Svenska	35%
• Bayerngas	25%





# Outlook

Q2 2014



# Summary and outlook

## ■ Business development

- Completion of the Marathon acquisition
- Integration work has commenced
- Maintain aggressive portfolio optimisation through business development

## ■ Financial

- Rights issue of USD 500m to be concluded prior to closing
- Seven year RBL facility of USD 3.0 billion signed

## ■ Field developments

- Revisit Alvheim area investment program to realise upsides
- Finalise the Bøyla development
- Ivar Aasen progressing according to plan
- Johan Sverdrup concept selected, unitisation negotiations

## ■ Exploration

- Revisit exploration strategy in light of Marathon acquisition





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