OKEA ASA - Third quarter 2022 financial results

(Trondheim, 26 October 2022) - OKEA ASA (OSE: OKEA) reported record high total operating income of NOK 2,143 (1,332) million and EBITDA of NOK 1,636 (928) million in the third quarter of 2022. Net profit after tax amounted to NOK 104 (28) million. OKEA generated a strong cash flow to capital providers of NOK 916 (392) million in the quarter which was used for repayment of debt, investments in ongoing projects, and cash dividends to shareholders.

(Amounts in parentheses refer to previous quarter)

"*OKEA delivers record high operating income and EBITDA and generates a very solid cash flow from operations in the quarter. The continued challenges and reduced reserves at Yme are disappointing and OKEA is working with the operator to seek value enhancements on the asset. We are now very near completion of the acquisition from Wintershall Dea which will add to our portfolio, our organic projects are progressing well, and OKEA remains well positioned to further execute on our growth ambitions and deliver value*", said OKEA CEO Svein J. Liknes.

Third quarter 2022 summary

OKEA reported total operating income of NOK 2,143 (1,332) million and EBITDA of NOK 1,636 (928) million for the third quarter 2022. Net profit was NOK 104 (28) million.

Net production to OKEA in the third quarter was 16,064 (16,039) boepd. Draugen, Gjøa and Ivar Aasen are producing according to plan. The lower production at Draugen compared to previous quarter was due to a planned scale squeeze and a wire-line campaign. Production from Yme is well below plan due to continuing startup challenges. In the third quarter, a leakage in the topsides piping system resulted in a shutdown of about six weeks. Yme was back in production in early October.

Sold volumes in the quarter amounted to 17,264 (15,957) boepd. The increase of 1,307 boepd compared to previous quarter was mainly due to higher lifted crude volumes from Ivar Aasen and Gjøa. Compensation volumes from Duva and Nova amounted to 431 (849) boepd in the quarter.

Market prices for petroleum products were volatile at high levels also in the third quarter. The average realised liquids price was USD 106.6 (100.3) per boe. The average realised price for gas was USD 194.8 (82.4) per boe.

Other operating income/loss (-) was NOK 30 (78) million and comprises tariff income at Gjøa of NOK 42 (26) million, income from joint utilisation of logistic resources of NOK 9 (12) million, and a net loss from gas forward contracts of NOK -21 (gain of 40) million.

A non-cash impairment charge of NOK 609 (0) million was recognized on the Yme asset in the quarter. The impairment charge was mainly due to a reduction in reserves, in the order of 2 mmbbl net to OKEA for the period 2022-2035. Tax income relating to the impairment amounted to NOK 475 (0) million, resulting in a net after tax impact of NOK 134 (0) million.

At the end of the quarter, cash and cash equivalents and liquid investments amounted to NOK 2,678 (2,968) million. Net interest-bearing debt was NOK -1,371 (-576) million, which does not include the financial investments of NOK 9 (210) million nor the value of OKEA's share of the lease contract with Havila for the Inspirer rig of NOK 572 (527) million.

OKEA generated NOK 916 (392) million to capital providers in the quarter including taxes paid of NOK 509 (386) million. NOK 1,103 (10) million was used for early redemption of the remaining outstanding OKEA02 bond and NOK 104 (93) million was paid as cash dividend to shareholders in the quarter.

Updated production guiding for 2022

As previously communicated, ramp-up at Yme has progressed slower than initially anticipated. In the third quarter, damage to the process pipe system resulted in an unplanned production outage lasting about six weeks. The continued challenges at Yme have resulted in a reduction in production guiding for 2022 by 1,000 boepd from a range of 16-17,000 boepd to 15-16,000 boepd (excluding the additional volumes from the Wintershall Dea transaction with effective date 1 January 2022). Production outlook for 2023 is maintained at 25,000 – 27,000 boepd.

Webcast and audioconference

A presentation of the results will be held today through a webcast and audioconference starting 08:00 CET. The presentation will be held by Svein J. Liknes (CEO) and Birte Norheim (CFO).

The webcast can be followed at www.okea.no
or https://channel.royalcast.com/landingpage/hegnarmedia/20221026_3/

Dial in details for the audioconference:
NO: +47 2195 6342
UK: +44 203 769 6819
US: +1 646-787-0157

DK: +45 7876 8490
PIN Code: 681934

For further information, please contact:
CEO Svein J. Liknes, +47 917 67 704
CFO Birte Norheim, +47 952 93 321

About OKEA

OKEA ASA is a leading mid- to late-life operator on the Norwegian continental shelf (NCS. OKEA finds value where others divest and has an ambitious strategy built on growth, value creation and capital discipline.

OKEA is listed on the Oslo Stock Exchange (OSE:OKEA)

More information at www.okea.no