OKEA ASA - Fourth quarter 2023 financial results

(Trondheim, 8 February 2024) - OKEA ASA (OSE: OKEA) delivered operating income of NOK 2,118 (2,105) million and EBITDA of NOK 1,661 (1,336) million in the fourth quarter of 2023. The year-end cash balance amounted to NOK 2,301 million. Goodwill impairment of NOK 1,363 million related to Statfjord significantly impacted the net financial loss of NOK 1,263 (profit of 32) million.

(Amounts in parentheses refer to previous quarter)

"*Following excellent performance from our operated assets in particular, production increased by 27% in the quarter. The positive developments at Draugen and Brage continue, underlining the capabilities of the OKEA team to create value as operator of mid to late-life assets. Despite challenging updates on Statfjord, the transaction with Equinor was closed on 29 December. We still believe in the potential at Statfjord and have confidence that, as a license partner, our team will be able to contribute to realising further value at the field,"* stated OKEA CEO Svein J. Liknes.

Fourth quarter 2023 summary

Net production to OKEA of 30.1 (23.7) kboepd in the quarter was record high. The increase of 27% compared to previous quarter mainly related to startup of the Hasselmus tie-back to Draugen in October and continued good performance from Talisker and new wells at Brage. A successful recompletion of a production well increased production at Yme, and production was stable at Gjøa, Ivar Aasen and Nova. In addition to the volumes included in key figures and income statement, Statfjord produced 10.9 kboepd net to OKEA in the quarter.

Sold volumes in the quarter amounted to 25.6 (26.7) kboepd. The decrease compared to previous quarter was mainly due to high underlift positions at Ivar Aasen and Brage.

The average realised liquids price was USD 83.4 (89.0) per boe and the average realised price for gas was USD 74.6 (61.9) per boe. USD 5.9 (0.7) per boe of the realised gas price was attributable to gain on fixed price contracts.

Other operating income/loss (-) amounted to NOK 81 (-26) million and comprises tariff income at Gjøa of NOK 33 (26) million, change in fair value of the contingent consideration to Wintershall Dea of NOK 26 (-39) million and a net gain (loss) from financial oil hedging of NOK 12 (-26) million.

An impairment charge of NOK 1,876 (475) million was recognised in the quarter. NOK 1,363 (0) million related to impairment of ordinary goodwill on Statfjord and was mainly a result of reduction in production and reserves estimates. As a goodwill impairment, there are no associated tax income. NOK 513 (475) million related to impairment on the Yme asset and was mainly a result of reduced forward prices for crude oil during the quarter. The related tax income amounted to NOK 400 (370) million, resulting in a net after tax impact on the Yme impairment of NOK 113 (104) million.

Exploration and evaluation expenses amounted to NOK 22 (34) million. General and administrative expenses amounted to NOK 37 (46) million and represent OKEA's share of costs after allocation to license activities.

Cash and cash equivalents amounted to NOK 2,301 (2,346) million. Interest-bearing bond loans amounted to NOK 1,246 (1,300) million and relate to the OKEA04 bond.

OKEA paid dividend of NOK 104 (104) million in the quarter.

2024 guidance is 35 - 40 kboepd for production and NOK 2,800 - 3,300 million for capex.

Webcast and audioconference
A presentation of the results will be held today through a webcast and audioconference starting 11:00 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 [OKEA Webcast Q4 2023 (royalcast.com)]

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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