

Third quarter 2022

Results presentation | 25 October 2022



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Today's Vår Energi presenters



Torger Rød
CEO



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Head of Investor Relations

Security situation

- Safety and security of our employees always the first priority
- Heightened security level after Nord Stream leakages
- Close collaboration with the Norwegian authorities and within the industry
- Increased awareness and attention on all facilities
- Main focus on safe and secure operations to maintain reliable supply of oil and gas to Europe



Photo credits: Forsvaret

Third quarter 2022 highlights

Maintaining safe and reliable supply of oil and gas

- Production increased from Q2 on less turnaround and maintenance activity
- Continued material gas production
- Full-year 2022 production guidance revised to 220-225 kboepd

Strong cash generation from operations

- Average realised price of 139 USD/boe in the quarter
- CFFO stable at a high level and in line with Q2
- Capex guidance for 2022 confirmed
- Dividend guidance of USD 300 million for Q4

Improved financial position

- USD 5 099 million in available liquidity at end-Q3
- Leverage ratio reduced to 0.2x from 0.4x at end-Q2 2022

Progressing towards end-2025 production target

- Balder X project revision
- Remaining project portfolio progressing on plan
- High year-end exploration activity



Key performance indicators

Q3 2022 vs. Q2 2022

Actual serious incidents frequency¹

0.1

(0.1)

CO₂ emissions intensity

10.4 kg/boe

(8.6)

Production

215 kboepd

(210)

Production cost per boe

USD 13.4

(14.7)

Cash flow from operations

USD 1 503m

(1 535)

Dividend for the quarter

USD 290m

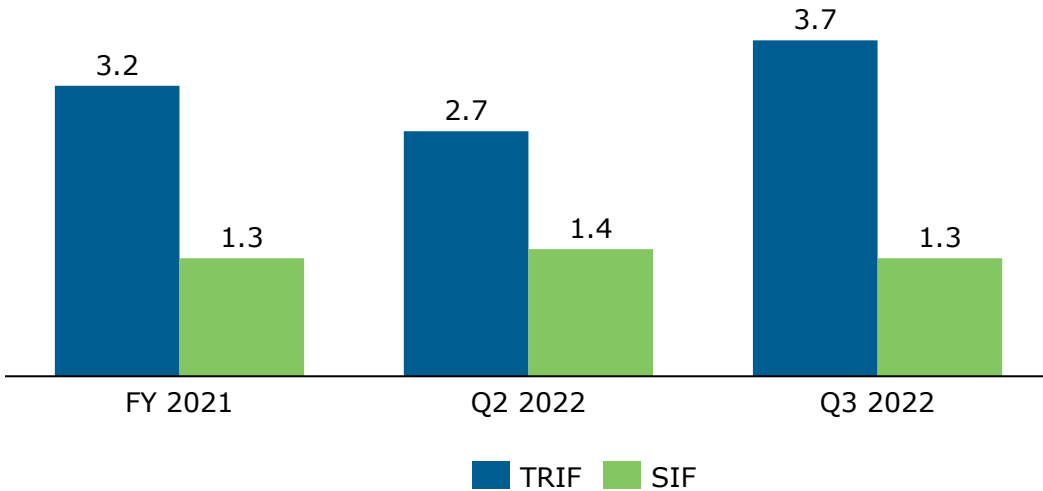
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Operational review



Maintained focus on implementation of safety initiatives

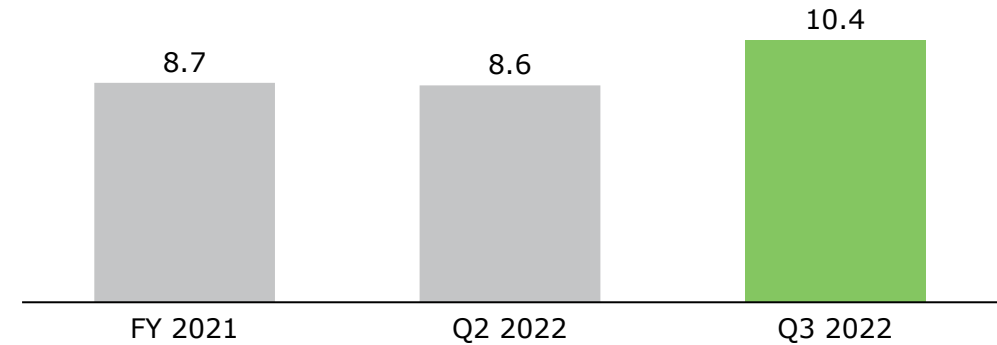
TRIF¹ and SIF²



- No serious incidents in the quarter
- Increasing trend on TRIF related to yard activity
- Focus on reversing the trend through implemented initiatives, shared learnings and strengthened safety culture

CO₂ emission intensity for operated assets

kg CO₂/boe

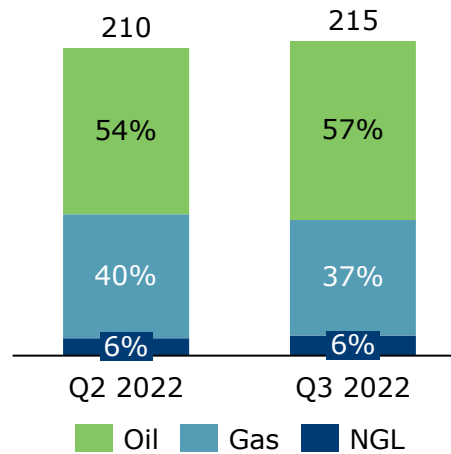
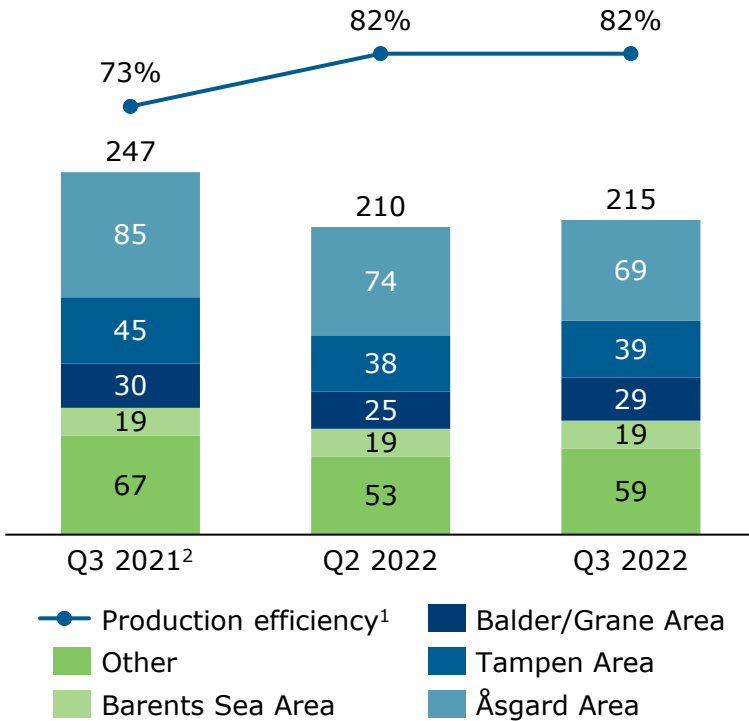


- Increase in CO₂ intensity reflects lower production volumes due to planned turnaround on Balder/Ringhorne
- Joined the "Aiming for Zero Methane Emissions Initiative" headed by OGCI
- Rated in top 14 of 100 largest companies in Norway, in the PWC 2022 climate index

Reduced impact from turnarounds, continued material gas share

Production, production efficiency operated assets and product mix

kboepd



- Increased production from Grane, Ekofisk and Statfjord B following completion of turnarounds in Q2
- Turnaround on Balder/Ringhorne in Q3
- Continued to reduce NGL recovery to increase gas sales
- 2022 production guidance of revised to 220-225 kboepd due to:
 - Various operational issues at partner-operated fields
 - Challenging well operations on operated fields

Operational update on operated assets

Goliat Strong operational performance

- Q3 production of 19.2 kboepd, in line with previous quarter
- Production efficiency of 88% in Q3

Balder/Ringhorne Successfully executed turnaround

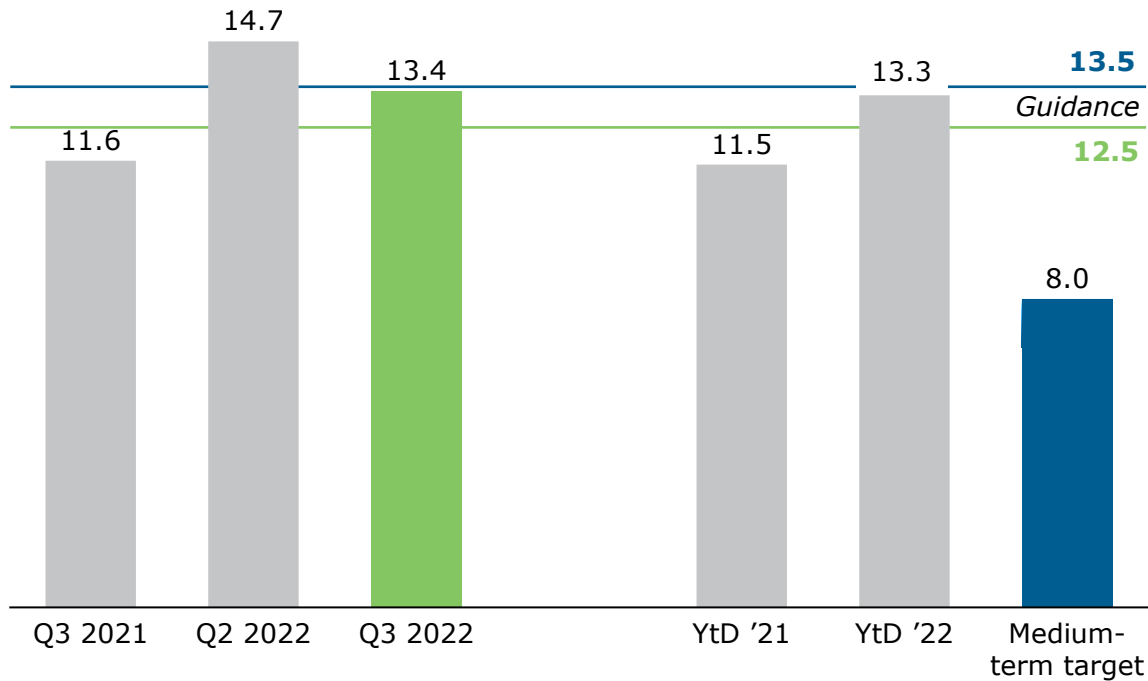
- Production of 12.2 kboepd, down 5 kboepd from previous quarter
- Production efficiency of 72% in Q3 reflecting two-week turnaround completed on schedule and budget
- 2022 production below expectations due to Ringhorne drilling and well performance and Balder flowline/riser integrity challenges



Unit production cost improved on higher production

Production cost per boe produced¹

USD/boe



- Reduction due to less turnaround and maintenance activity combined with exchange rate effects
- Full year 2022 opex per boe guidance maintained at USD 12.5 to 13.5
- Opex and unit cost improvement programs progressing according to plan
- Medium term production cost target of less than 8 USD/boe









Balder X project update

- Revised cost estimate and more robust schedule targeting first oil in Q3 2024
- Progress impacted by supply chain disturbances and additional scope of work on Jotun FPSO
- Faster ramp-up of production in 2024
- Valuable project set to extend production in the Balder hub for 20+ years
- Highly prosperous area with significant long-term development and exploration potential, including the King and Prince discoveries



Remaining project portfolio progressing according to plan

Existing production and sanctioned developments to deliver >350 kboepd by end-2025

Key Areas	Op.	2P mmboe	2023	2024	2025
Balder		216			◆ Balder X
Grane		109		◆ Breidablikk	
Goliat / J. Castberg	 	222			◆ Johan Castberg
Tampen		148	 Hywind Tampen	◆ Statfjord East IOR	
Åsgard		178	◆ Åsgard LWP ◆ Subsea comp. II	◆ SMBN LPP3 ◆ Kristin South	◆ Halten East
Ekofisk		102		◆ Tommeliten A ◆ Eldfisk North	
Other		162	◆ Bauge ◆ Fenja ◆ Frosk		OL Subsea Compression ◆

◆ First oil field extension ◆ First oil new field development

Johan Castberg

- Heavy lift campaign completed
- Subsea and marine campaign close to completion
- Progressing according to schedule

Breidablikk

- Drilling progressing ahead of schedule
- Subsea and marine campaign for 2022 completed
- Progressing according to plan

Other

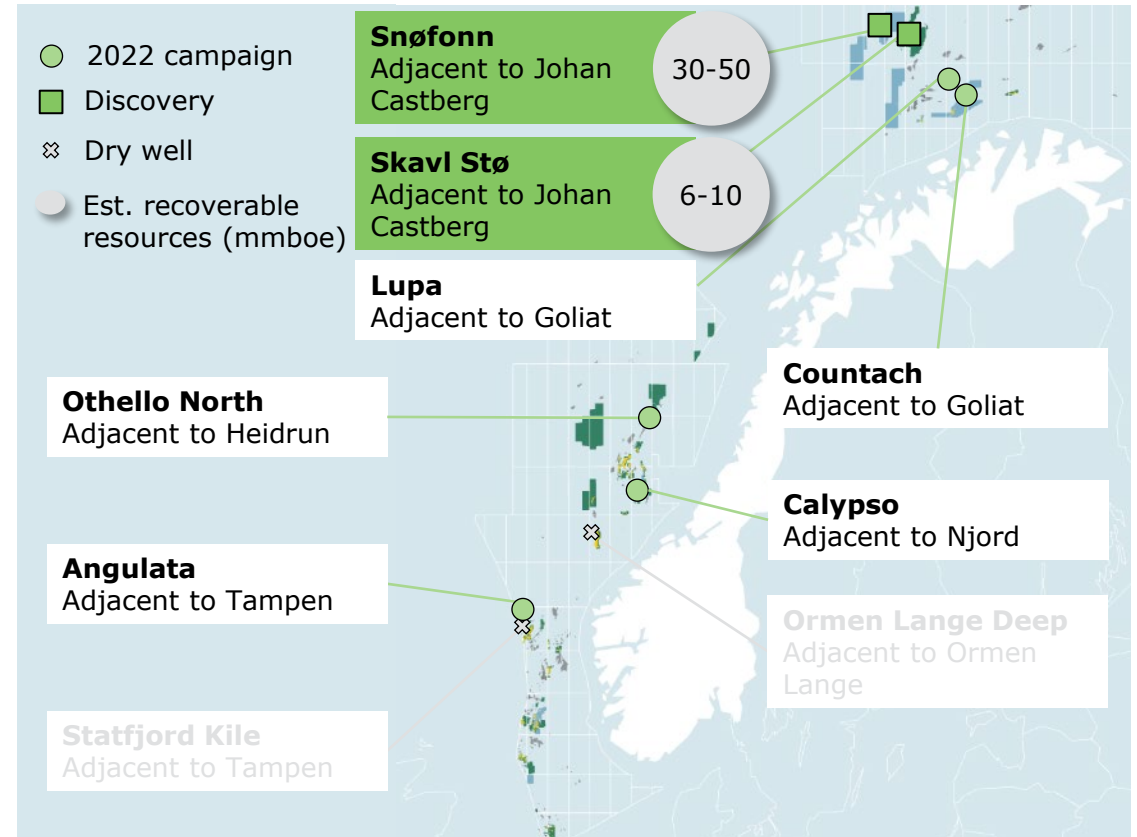
- Hywind Tampen progressing with 7 out of 11 floating wind turbines installed, expected start-up postponed to Q1 2023

High year-end exploration activity

2022 work programme

License	Prospect	Operator	Vår Energi share	Pre-drill unrisked mmboe	Pre-drill unrisked mmboe VE	Timing	Status
PL 057	Statfjord Kile	Equinor	18.6%	6	1	Q1	Dry
PL 209	Ormen Lange Deep	Equinor	10%	290	29	Q2	Dry
PL 532	Snøfonn	Equinor	30%	44	13	Q2	Discovery
PL 532	Skavl Stø	Equinor	30%	20	6	Q2	Discovery
PL 124	Othello North	Equinor	10%	43	4	Q4	Planned
PL 229E	Lupa	Vår Energi	50%	85	43	Q4	Planned
PL 938	Calypso	Neptune	20%	34	7	Q4	Planned
PL 229	Countach	Vår Energi	65%	41	27	Q4	Planned
PL 554	Angulata	Equinor	30%	58	17	Q4/Q1 23'	Planned

Continued hub-focused exploration

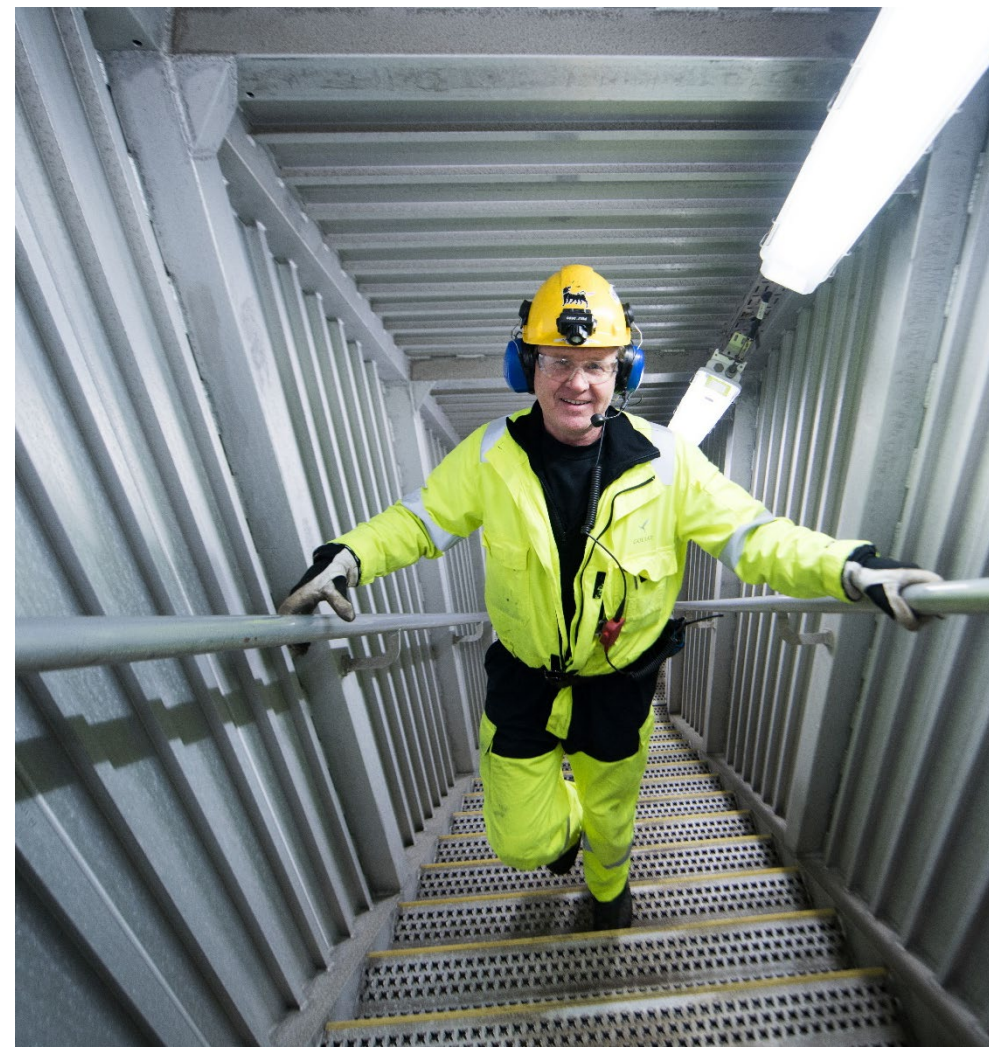


Financial review



Key financials

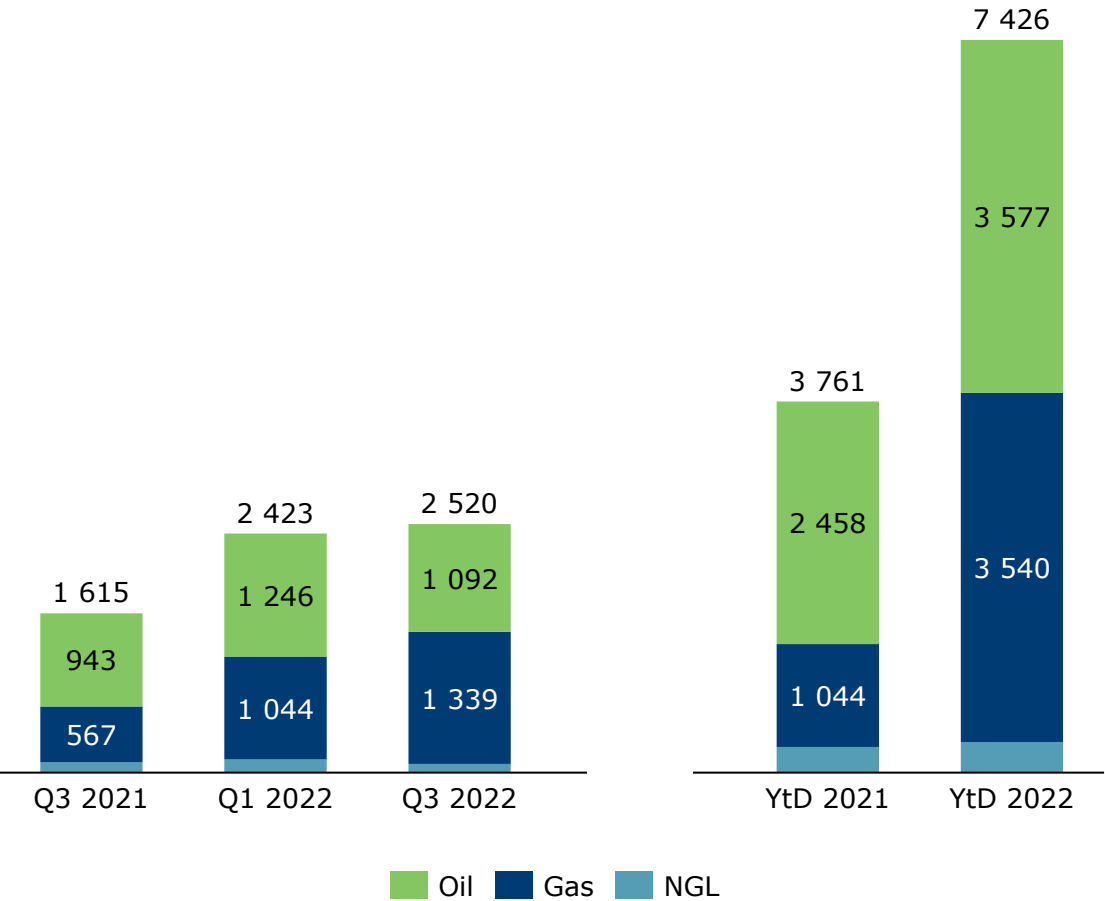
USD million	Q3 2022	Q2 2022	Q3 2021	YtD 2022	YtD 2021
Petroleum revenues	2 520	2 423	1 615	7 426	3 761
EBIT	1 454	1 674	824	4 846	1 762
Profit before taxes	1 161	1 214	640	4 071	1 461
Production cost (USD/boe)	13.4	14.7	11.6	13.3	11.5
Operating CF before tax	2 027	1 864	1 332	6 275	2 892
CFFO	1 503	1 535	1 350	5 239	3 629
CAPEX	599	573	729	1 794	1 875
NIBD / EBITDAX	0.2x	0.4x	1.0x	0.2x	1.0x
Available liquidity ¹	5 099	4 492	1 658	5 099	1 658



Gas representing 53% of revenues in Q3

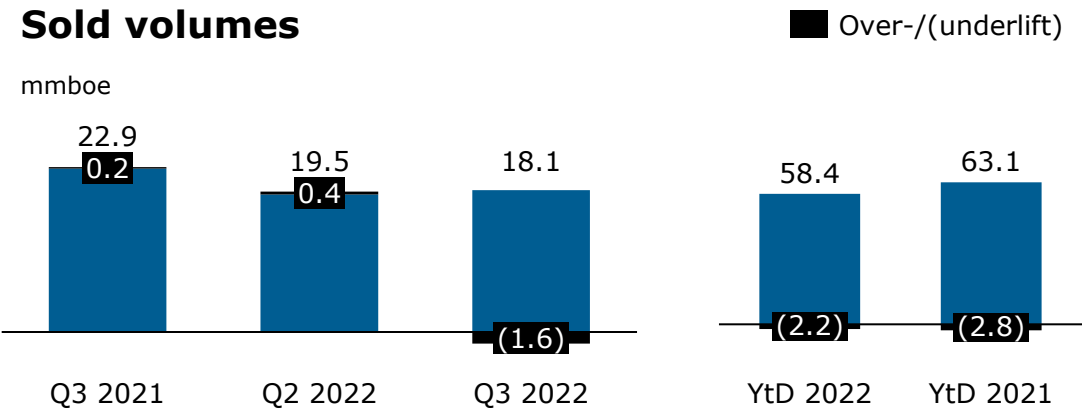
Total petroleum revenues

USDm



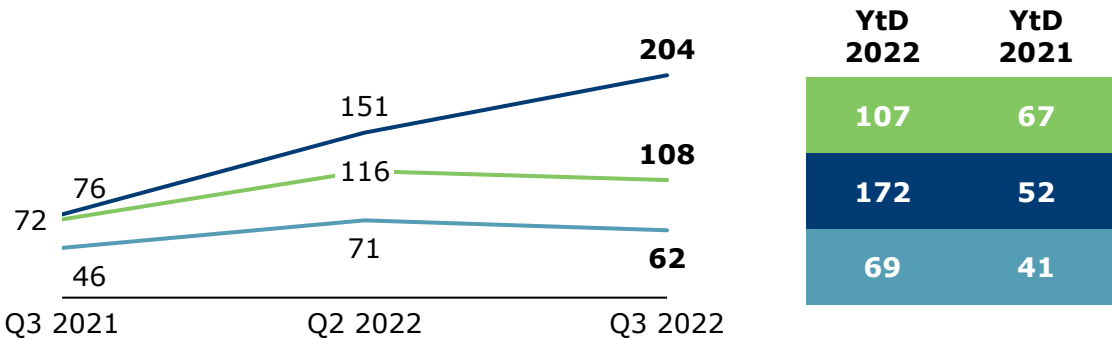
Sold volumes

mmbœ



Realised prices

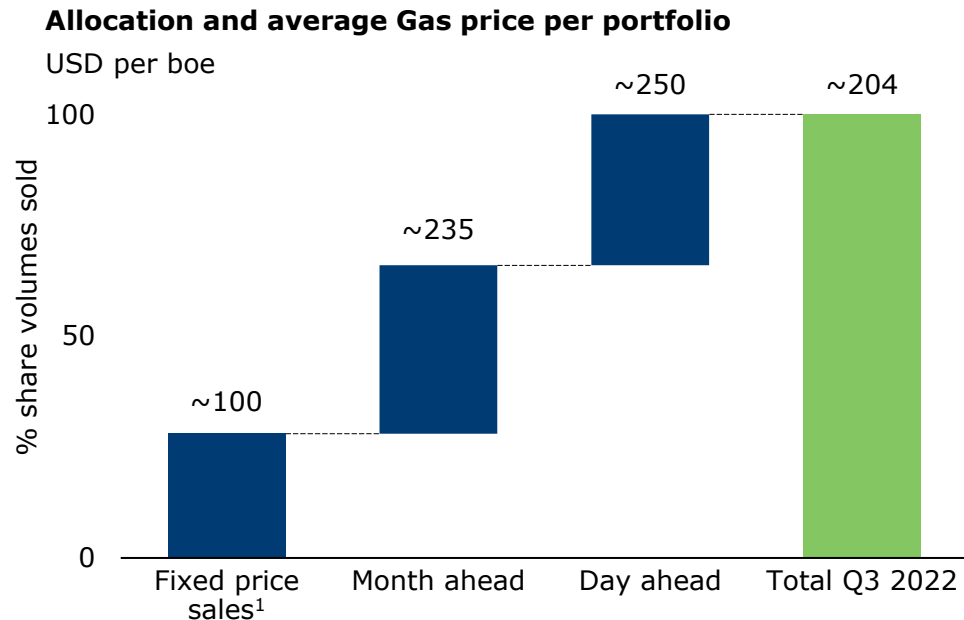
USD/boe



Q3 gas price realisation and future gas sales portfolio

Q3 2022 gas revenues

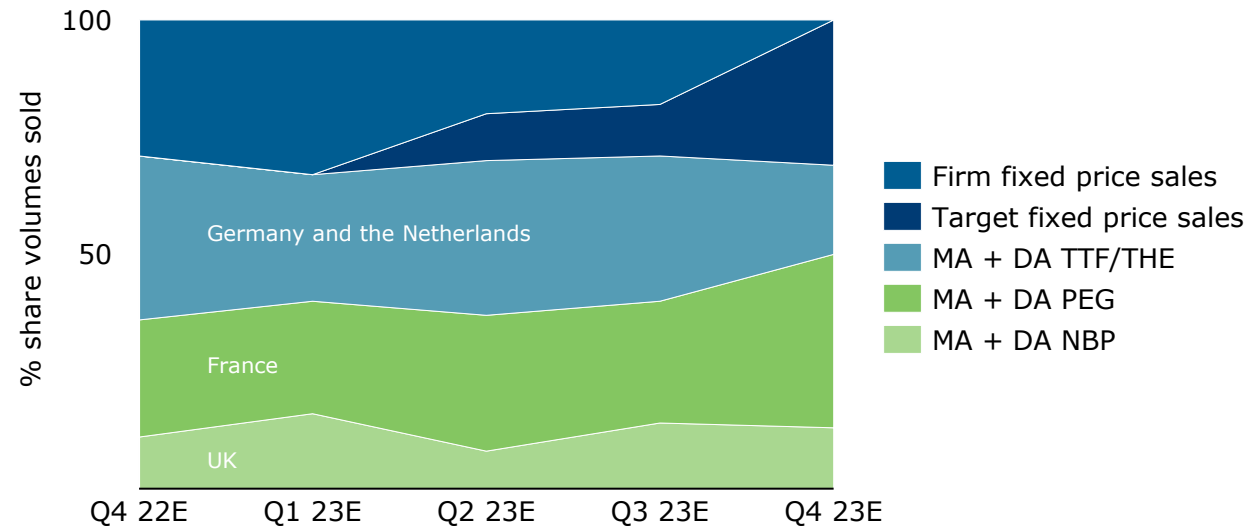
- Month and day ahead weighted towards France and Germany primarily
- Fixed price sales including 1 year gas sales agreement expiring end of September 2022 and fixed price deliveries entered January 2022



Forward-looking gas sale

- Robust sales portfolio, access to several markets
- Month (MA) and day ahead (DA) weighted towards France and Germany primarily
- Executed fixed price transactions yield USD ~150/boe in Q4 22, USD ~255 in Q1 23, USD ~169 Q2/Q3 23 quarters
- Exploring the use of financial derivatives for hedging as an added instrument to manage risk

Indicated future gas sales portfolio²



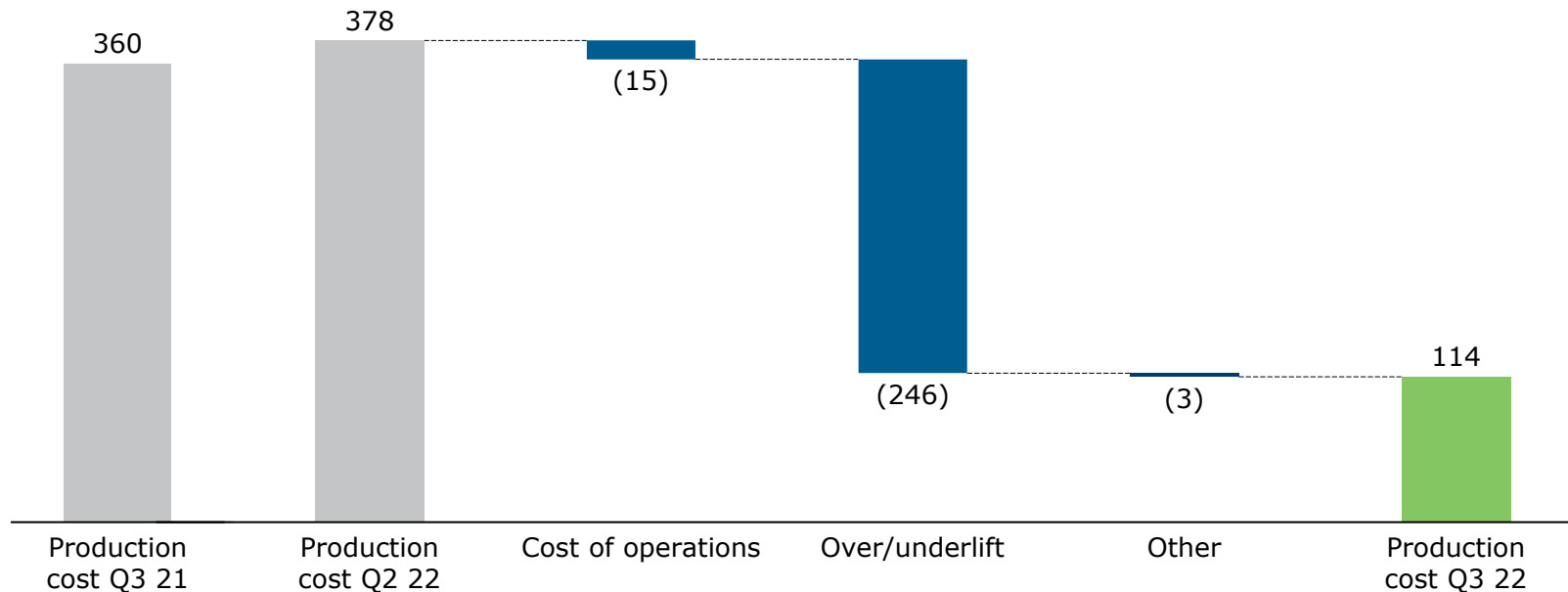
¹Includes Fixed price and Year ahead sales

²Future gas sales portfolio based on exchange rates per 7 October 2022

Over/Underlift adjustments impacting production cost

Production cost (sold volumes)

USDm

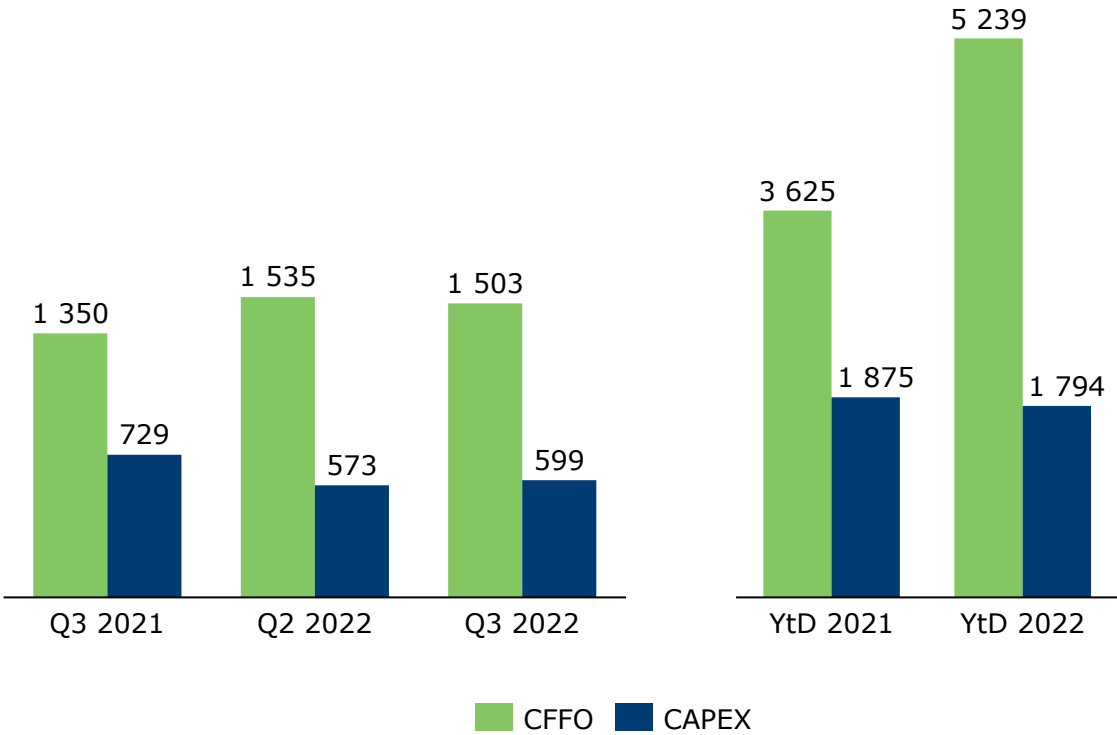


- Change in over/underlift in Q3 of USD 165 million positively impacting production cost
- Impact from allocation of liftings on fields/products and timing of liftings
- Overlift positions valued at market product prices
- Underlift positions valued at unit production cost per field

Continued strong cash flow generation

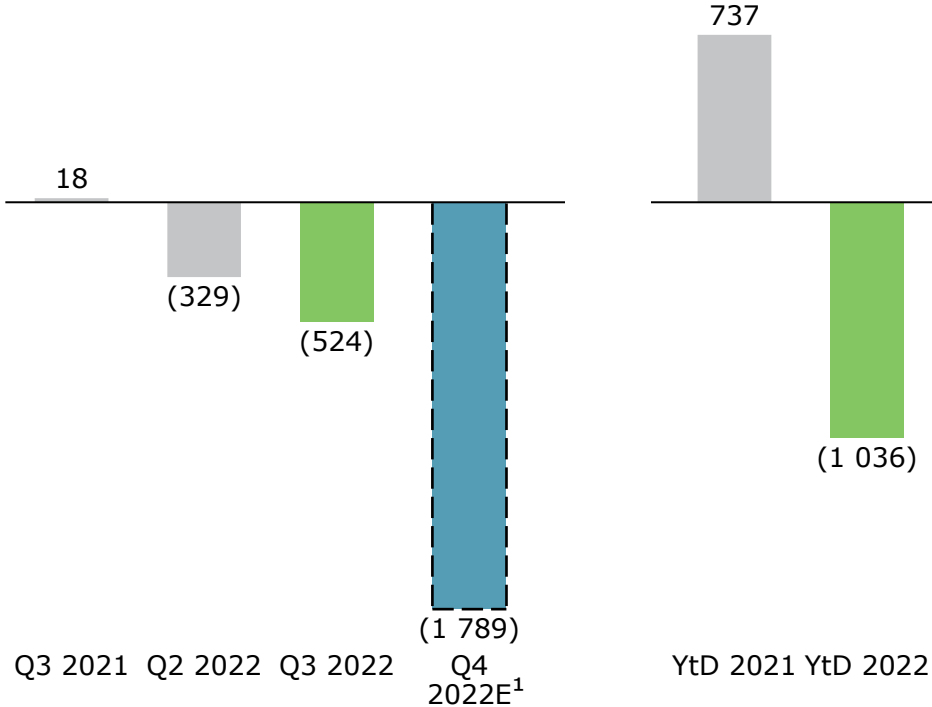
CFFO and CAPEX

USDm



Income tax received / (paid)

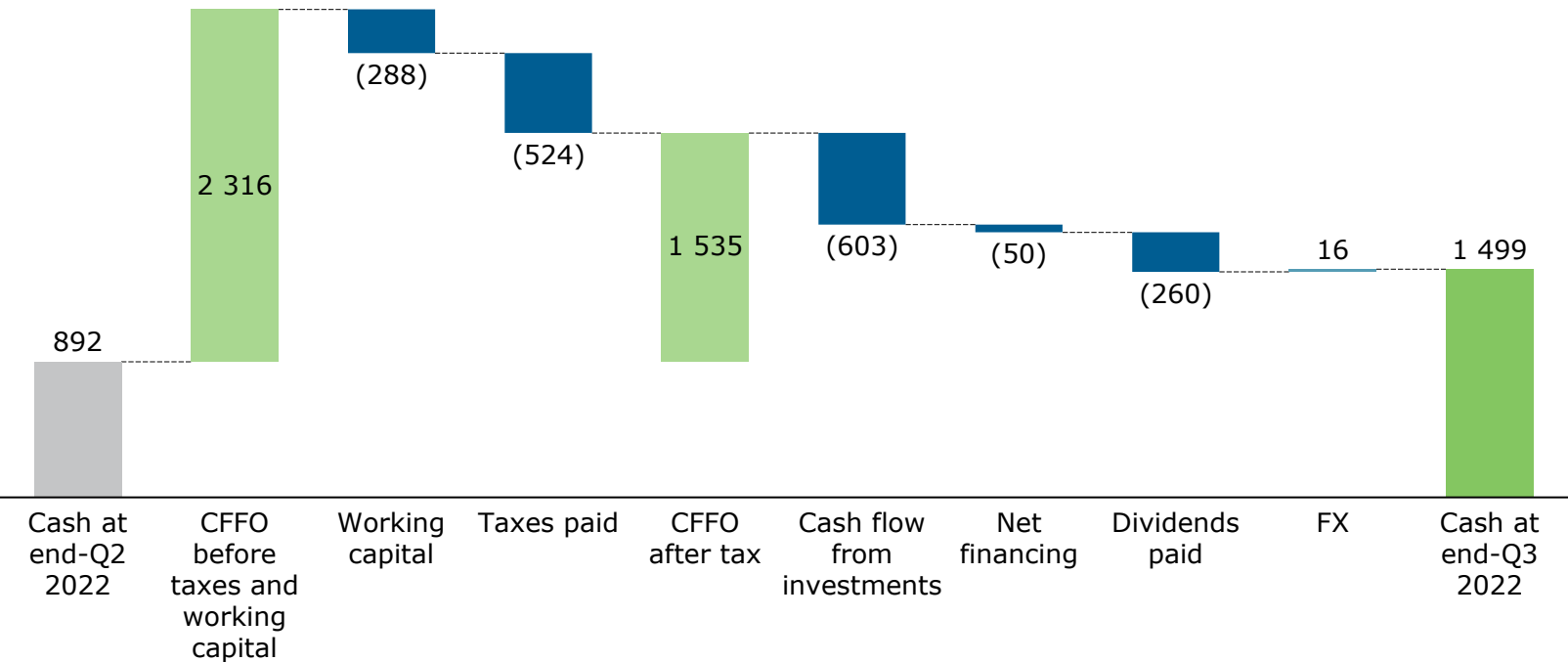
USDm



Significant cash build in the quarter

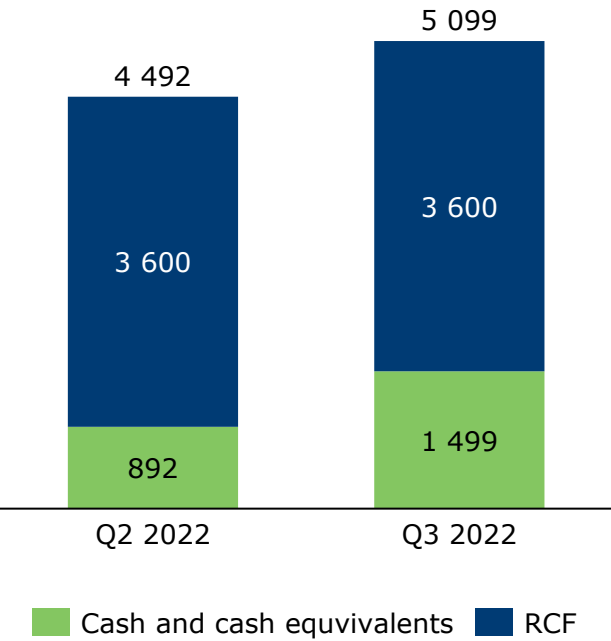
Cash flow development Q3 2022

USDm



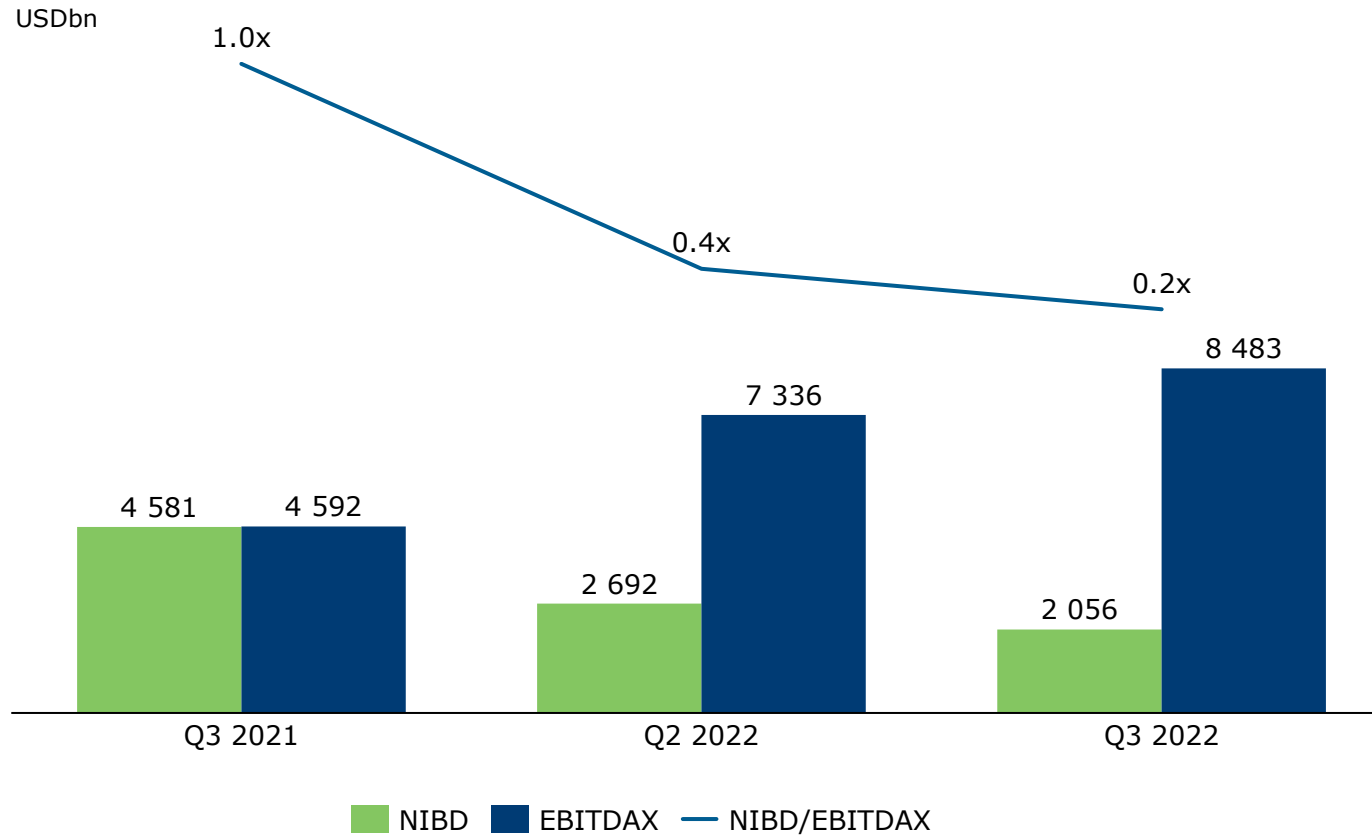
Available liquidity

USDm



Improved financial position

Net interest-bearing debt and leverage ratio¹

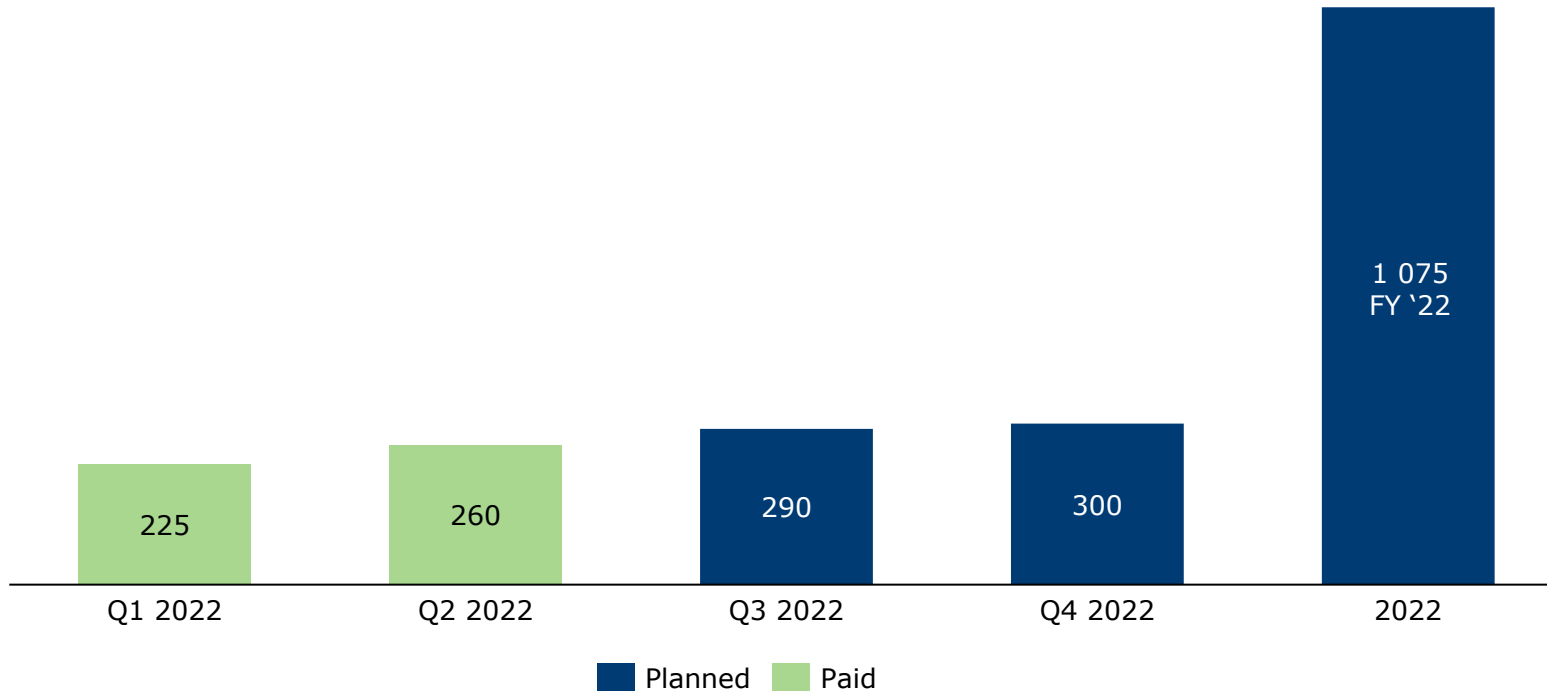


- Committed to maintaining an Investment Grade rating
 - Target of 1.3x NIBD/EBITDAX maintained

Dividend guidance

Dividend distribution

USDm



- Dividend for Q3 2022 of USD ~0.12 per share to be paid 9 November 2022
 - Paid in NOK at exchange rate of NOK/USD 10.55
- Dividend guiding for Q4 of USD 300 million (~0.12 USD per share)
- Dividend expectation of USD 1.075 billion full-year 2022
- Dividend policy of 20-30% of cashflow from operations after tax from 2023 onwards

Outlook

Production	<ul style="list-style-type: none">▪ Production target in 2022 revised to 220-225 kboepd
Production cost	<ul style="list-style-type: none">▪ Targeting USD 12.5 - USD 13.5 in 2022▪ Expected to improve over the medium term towards USD 8/boe as new projects come onstream and improvement program is progressing
Capex	<ul style="list-style-type: none">▪ 2022 capex guidance of USD 2.3 – 2.6 billion excluding exploration and abandonment (exploration USD ~150 million and abandonment USD ~50 million)▪ Limited cash outflow on decommissioning in the next ten years
Other	<ul style="list-style-type: none">▪ Final payment to ExxonMobil of ~USD 340 million due in Q4 2022 as part of the 2019 acquisition
Leverage	<ul style="list-style-type: none">▪ Conservative through-the-cycle leverage target of 1.3x net debt / EBITDAX
Dividends	<ul style="list-style-type: none">▪ Dividend guidance for 2022 of USD 1.075 billion (~USD 0.43 per share) under current market conditions, paid on a quarterly basis▪ Q4 dividend guidance of USD 300 million (~USD 0.12 per share)▪ From 2023 onwards plan to distribute around 20-30% of cash flow from operations (after tax) across the cycle

Concluding remarks



Summary

- Maintaining safe and reliable operations
- Strong cash generation from operations
- Improved financial position
- Progressing towards end-2025 production target



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