

# Third quarter 2023

Results presentation | 24 Oct 2023



# Today's Vår Energi presenters



**Nicholas Walker**  
CEO



**Stefano Pujatti**  
CFO



**Ida Marie Fjellheim**  
Head of Investor Relations

# Third quarter 2023 highlights

## Accelerating growth target to ~400 kboepd by end-2025

- Set for ~100% production growth from Q3 2023
- Breidablikk and Tommeliten A successfully on stream
- Remaining project portfolio progressing to schedule, five more than 50% complete
- 80% exploration success in 2023
- Neptune Energy Norge acquisition expected to close Q1 2024

## Delivering production and improved opex

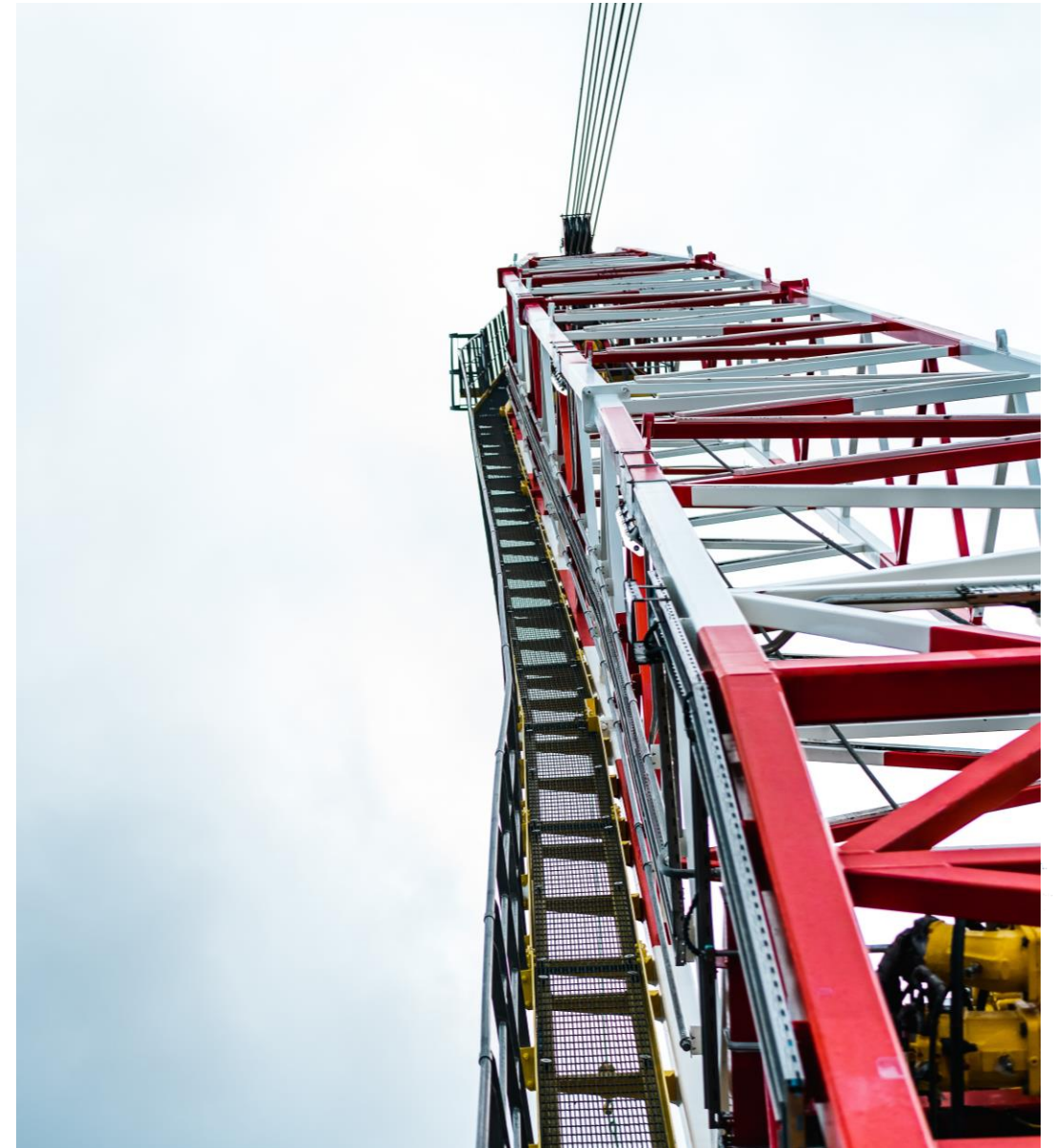
- Production of 210 kboepd in Q3, on track for exit rate of >230 kboepd by year-end
- Production cost of USD 14.0 per boe

## Strong financial performance

- Strong realised gas price of USD 91 per boe, USD 27 per boe above spot price
- Cash flow from operations (CFFO) of USD 975 million, an increase from USD 231 million in the previous quarter

## Attractive and predictable shareholder distribution

- Strong balance sheet with leverage ratio of 0.5x at end-Q3 2023
- Dividend guidance of USD 270 million for Q4 2023





# Neptune acquisition progressing towards completion

## Perfect strategic fit

- 12 producing assets, of which 3 operated, located in Vår Energi's hub areas
- Adding 66 kboepd of production<sup>1</sup>, ~265 mmboe of 2P reserves<sup>2</sup>
- Attractive commodity mix and strategic ownership in Snøhvit LNG
- Highly cash-generative portfolio with low cost, limited near-term capex and low emissions
- Strengthening future dividend capacity

## Status

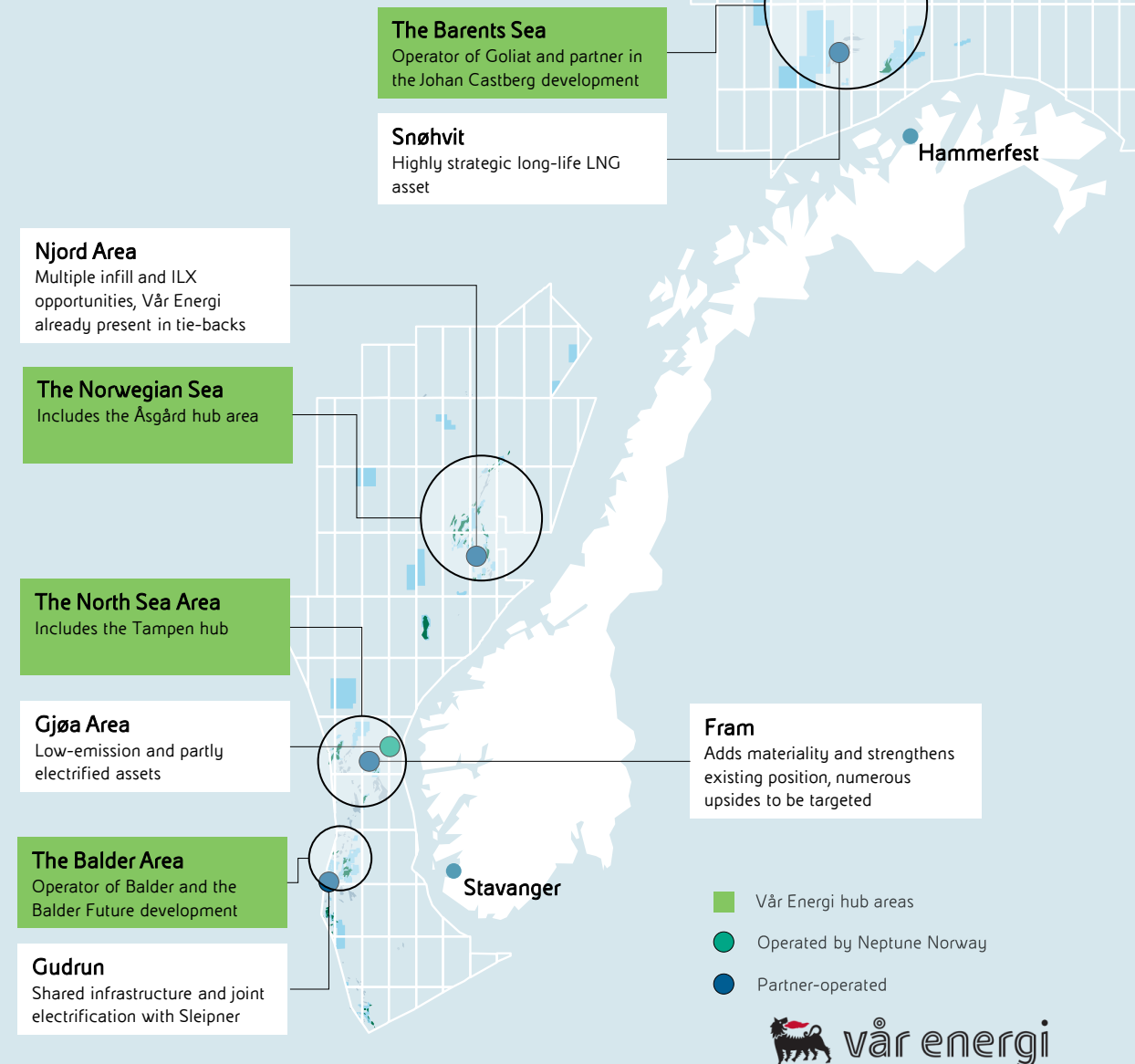
- Regulatory approvals obtained from the Norwegian Ministry of Petroleum and Energy and the Competition Authority<sup>3</sup>

1. H1 2023 production for Neptune Energy's Norwegian oil and gas assets

2. As at end-2022 (Neptune group ASR 2022)

3. Completion inter-conditional of approval of Eni's transaction with Neptune

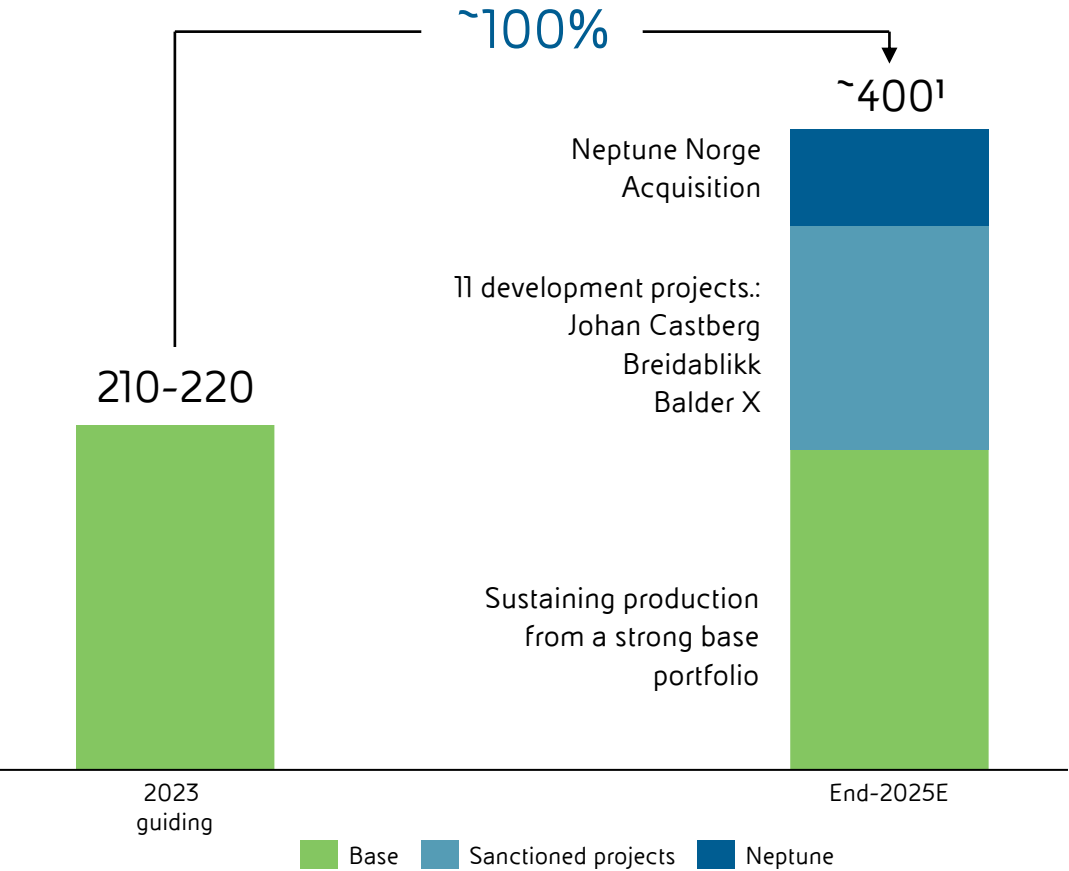
Neptune Norway's high-quality NCS assets located near existing hub areas



# Set to double production by end-2025

Production target including Neptune Energy Norge

kboepd



Sustaining value creation beyond 2025

Infill drilling, improved recovery and extended lifetime

Maturing a high value project portfolio

World-class exploration capabilities and track record

Value accretive M&A

# Key performance indicators

Q3 2023 vs. Q2 2023

Production

**210 kboepd**

(202)

Cash flow from operations

**USD 975m**

(231)

Capex

**USD 650m**

(687)

Production cost per boe

**USD 14.0**

(15.5)

Dividend for the quarter

**USD 270m**

(270)

NIDB/EBITDAX

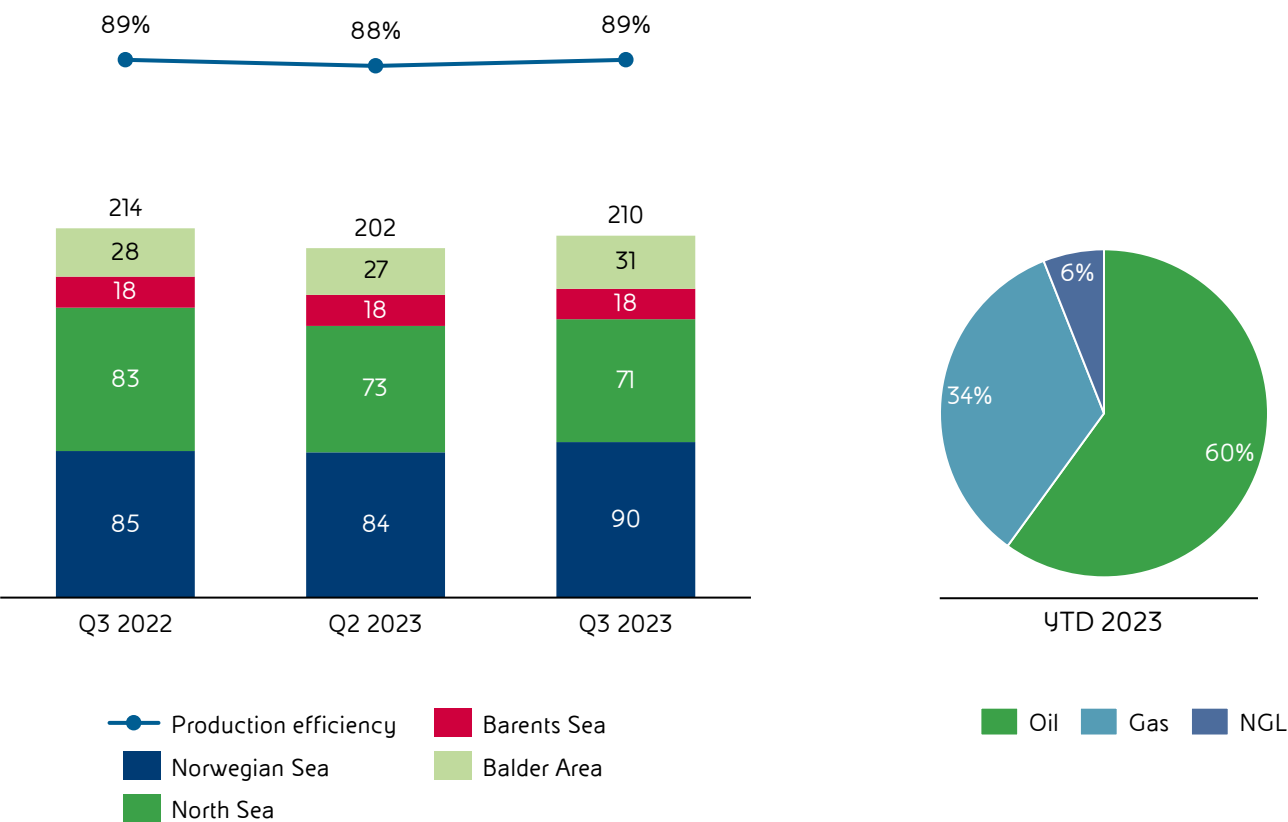
**0.5x**

(0.4)

# Major turnarounds completed

## Production, production efficiency<sup>1</sup> and product mix

kboepd



210-220 kboepd

Full-year 2023 guidance

> 230 kboepd

Exit rate 2023<sup>2</sup>

- Breidablikk and Tommeliten A successful start up



# Solid delivery on operated assets

## Goliat

- Strong performance with 99% production efficiency
- Secured rig capacity for a two-year drilling program in the Barents sea together with Equinor

## Balder/Ringhorne

- Production efficiency of 79% due to turnaround in the quarter
- Riser at Ringhorne successfully replaced
- High activity period at Balder FPU completed on time and schedule
- New well on Ringhorne started production

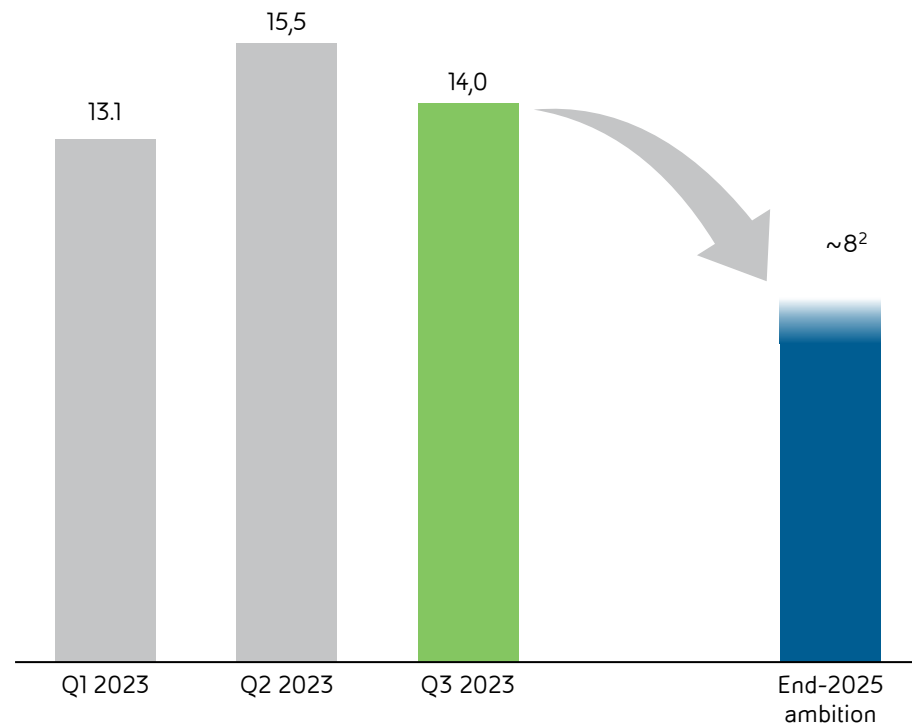




# On target to beat full year opex guidance

## Production cost per boe produced<sup>1</sup>

USD per boe



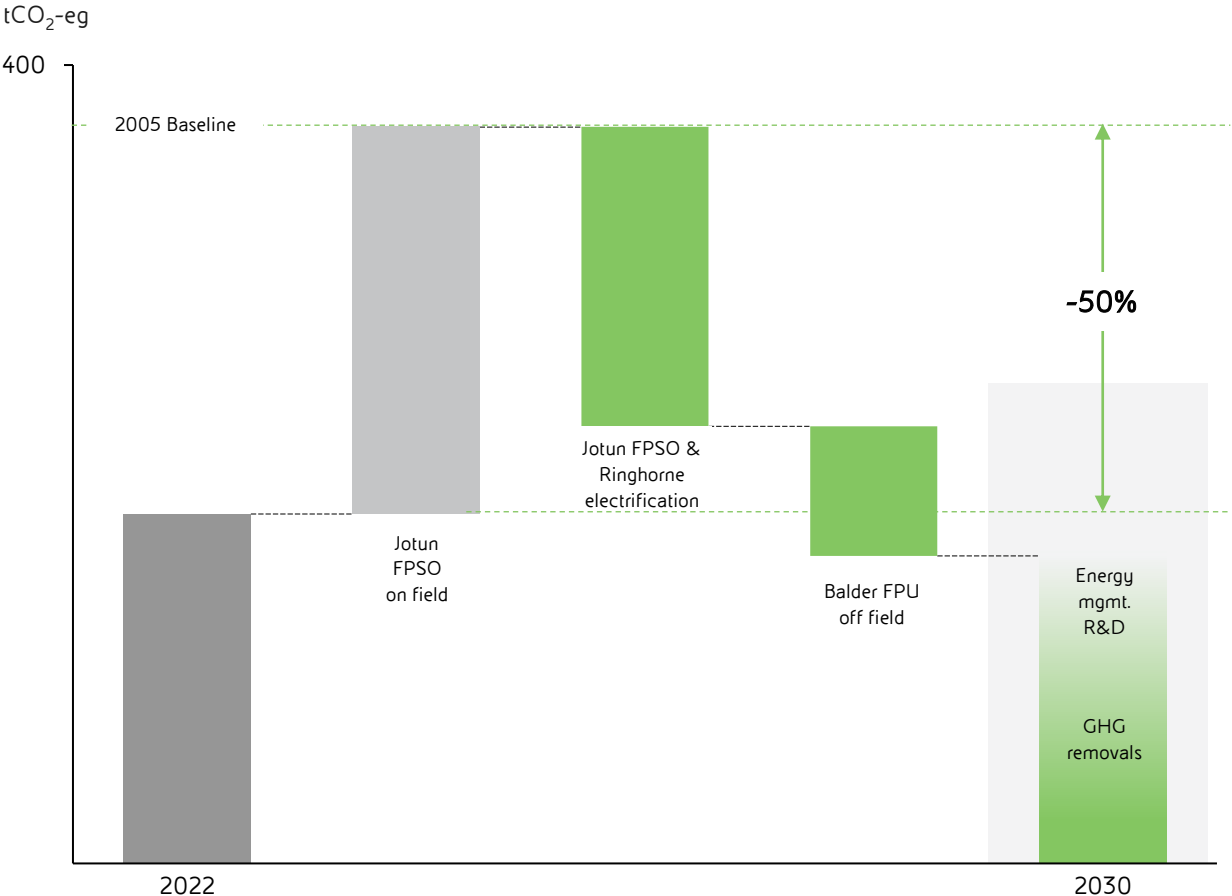
- Quarterly production cost impacted by seasonal maintenance
- Full-year 2023 opex per boe guidance of USD 14.5 to 15.5
- Medium-term ambition of ~8 USD<sup>2</sup> per boe
  - Sanctioned projects coming on stream
  - Cost improvement programme
  - Active portfolio management and optimisation
- Neptune production cost supporting the end-2025 ambition

1. Measured as production costs including transportation costs and accounting for tariffs

2. In real 2021 terms

# Recognised ESG leadership through responsible operations

Clear path to 50% emission reduction by 2030<sup>1</sup>



**11.1 kg/boe**  
CO<sub>2</sub> emission intensity Q3 2023<sup>2</sup>

**0.0**  
Actual SIF Q3 2023<sup>3</sup>

**Top 5%**  
in the industry

**A+ rating**  
ESG100

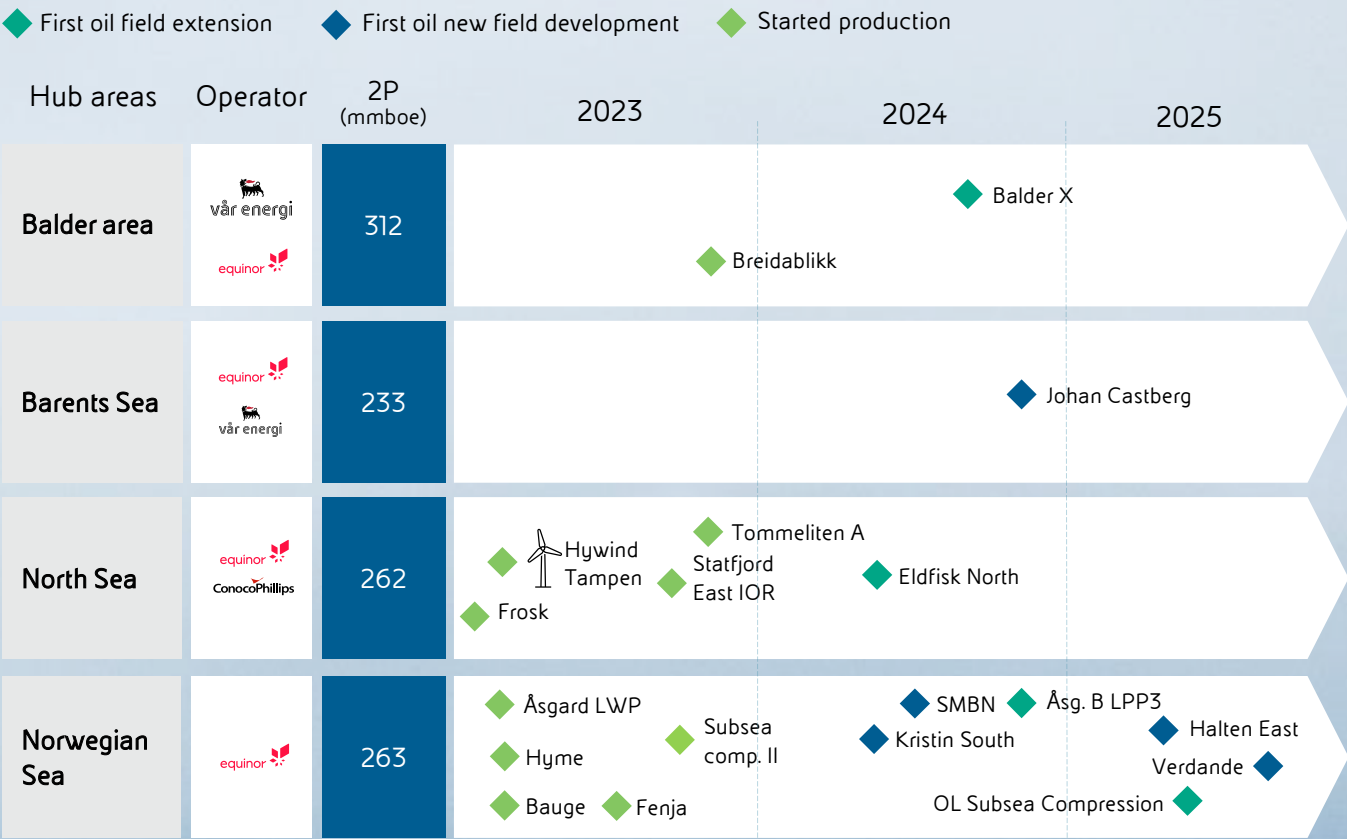
**Sustainalytics**  
ESG rating

**Position Green**

1. Scope 1 and 2, baseline 2005, operational control  
2. Operational control  
3. 12 month rolling average

# Quality project portfolio delivering on growth strategy

## Existing production and sanctioned developments



>500 mmboe  
reserves in development portfolio

~170 kbopcd  
in added production

~30 USD/boe  
average break-even in development portfolio

>25%  
project IRR<sup>1</sup>



# Extending production from the Balder area towards 2045

Strong historic growth utilising hub strategy...

>500 mmboe<sup>1</sup>

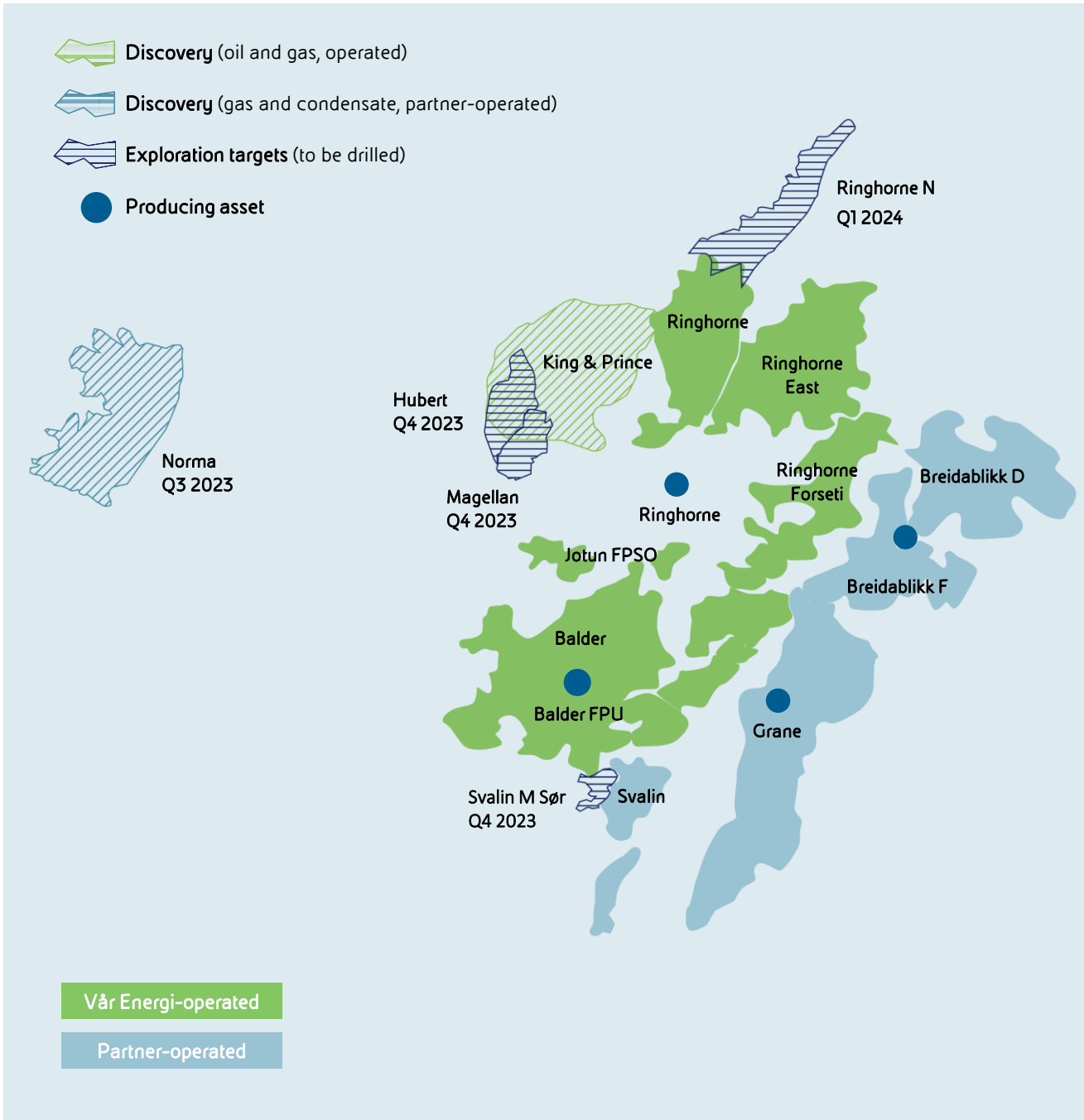
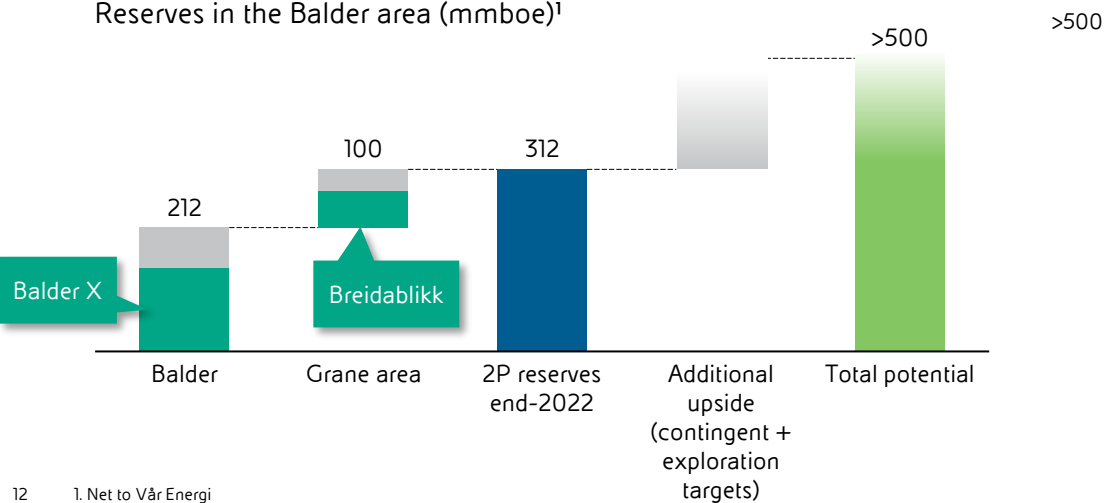
produced in Balder/Ringhorne since start-up in 1999

>4x

of PDO estimate in 1995

... and future potential

Reserves in the Balder area (mmboe)<sup>1</sup>



# Breidablikk on stream ahead of schedule and on budget

Cost-effective subsea tie-back to Grane

First oil achieved October 2023

**188 mmboe**

2P reserves<sup>1</sup>, gross

**~58 kboepd**

at peak production<sup>1</sup>, gross

**<2 years**

payback time after start up

**~3 USD/bbl**

production cost



# Jotun FPSO the key Balder hub enabler

## First oil Q3 2024

>85%  
complete<sup>1</sup>

Revised capex estimate, schedule maintained  
Major heavy-lift installations completed  
9 of 14 producing wells completed  
3 of 5 subsea campaigns in 2023 completed

## Material future value

~78 kboepd  
at peak production<sup>2</sup>, gross

<5 USD/bbl  
production cost





# Johan Castberg on schedule

Revised capex estimate, schedule maintained

Progressing towards first oil in Q4 2024

190 kboepd

vessel capacity production<sup>1,2</sup>, gross

~4 USD/bbl

production cost

450-650 mmboe

2P reserves<sup>1,2</sup>, gross



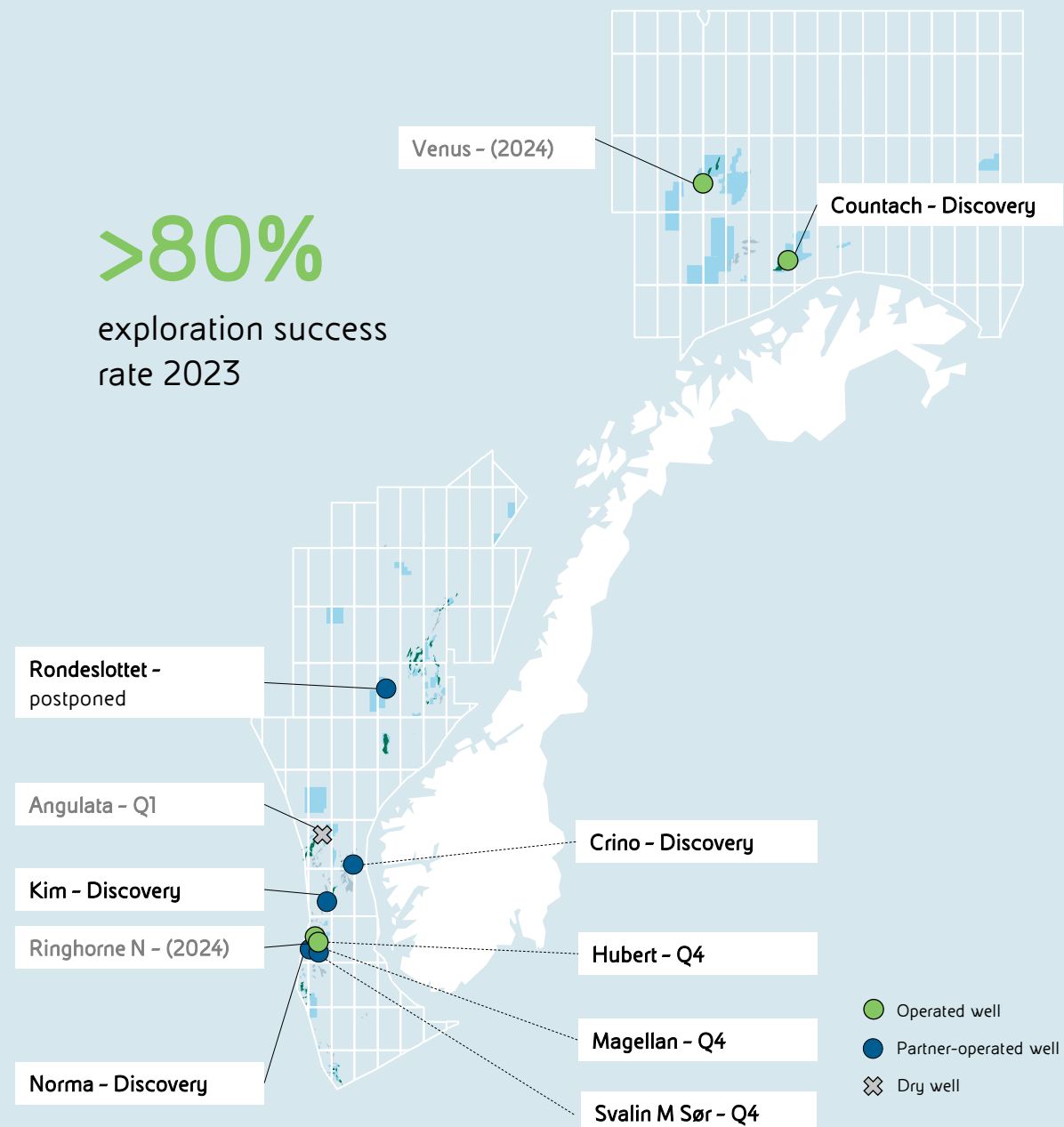
# 2023 exploration campaign

License	Prospect	Operator	Vår Energi share	Est. Recoverable resources mmboe <sup>1</sup>	Pre-drill Unrisked resources mmboe <sup>1</sup>	Status
PL 229	Countach	Vår Energi	65 %	48 <sup>2</sup>		Discovery
PL 554	Angulata	Equinor	30 %	-		Dry
PL 1005	Rondeslottet	Aker BP	40 %		871	Postponed
PL 185	Kim	OKEA	12 %	31 <sup>3</sup>		Discovery
PL 090	Crino	Equinor	25 %	9-35 <sup>4</sup>		Discovery
PL 984	Norma	DNO	20 %	13-145 <sup>4</sup>		Discovery
PL 917	King 2 (Hubert)	Vår Energi	40 %		24	Q4
PL 917	King 2 (Magellan)	Vår Energi	40 %		30	Q4
PL 169	Svalin M Sør	Equinor	13%		5	Q4
PL 1025S	Venus	Vår Energi	30 %		313	Q1 2024
PL 956	Ringhorne N	Vår Energi	50 %		28	Q1 2024

1. Gross
2. Post drill evaluation, to be validated
3. Vår Energi estimate
4. Operator's estimate

>80%

exploration success rate 2023





# Financial highlights

**85 USD/boe**

weighted average realised price

**USD 975 million**

CFFO after tax

**0.5x**

NIBD / EBITDAX

**USD 3.1 billion**

Available liquidity<sup>1</sup>

**USD 270 million**

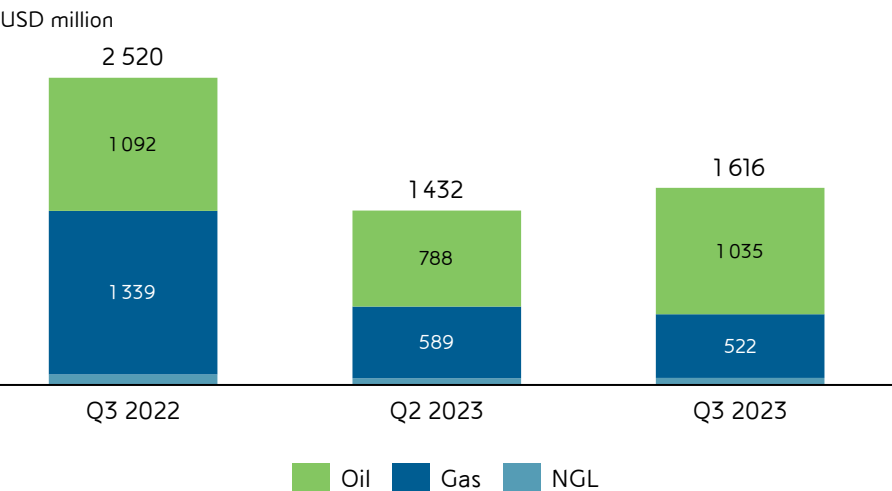
Q3 dividend payment



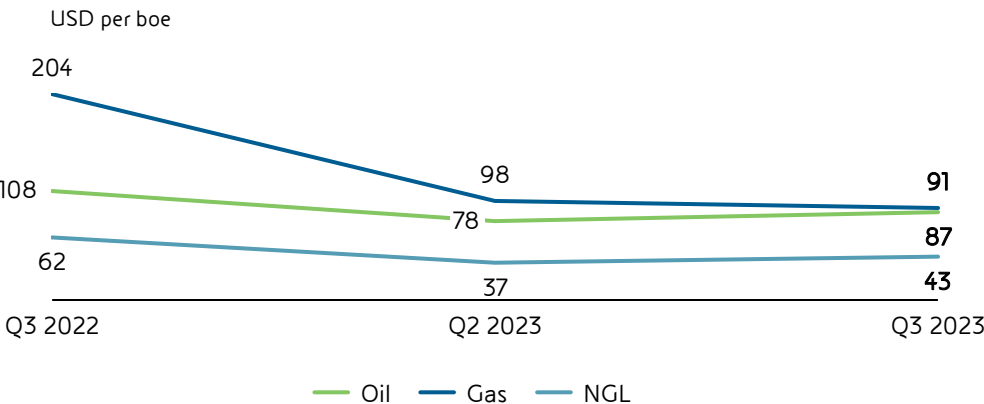


# Continued high realised gas price

Total petroleum revenues



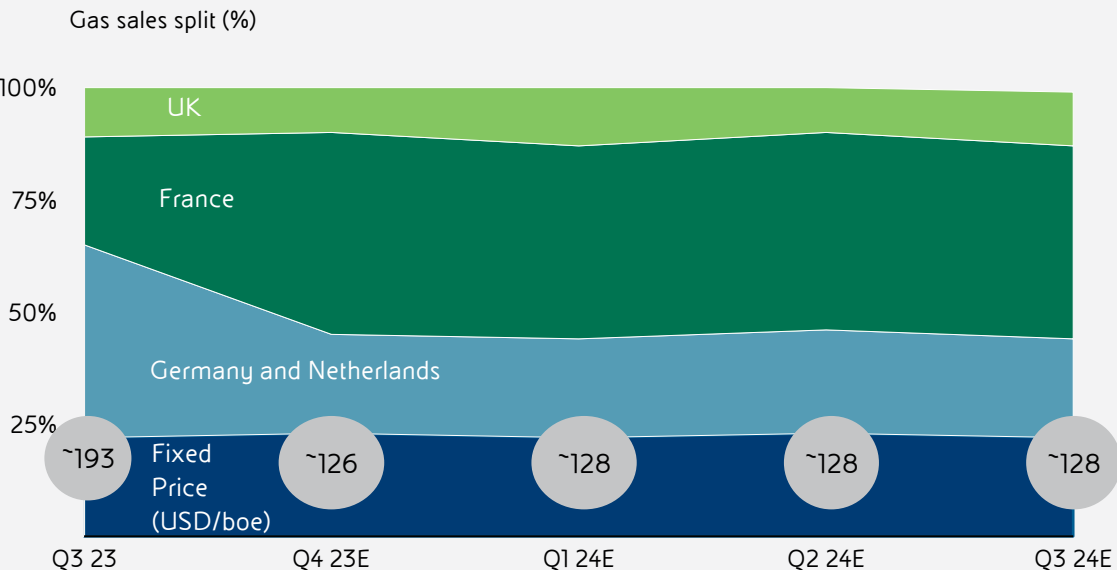
Realised prices



Realised gas price above spot price  
year-to-date<sup>1</sup>

~47 USD/boe

Indicative gas sales portfolio<sup>2</sup>

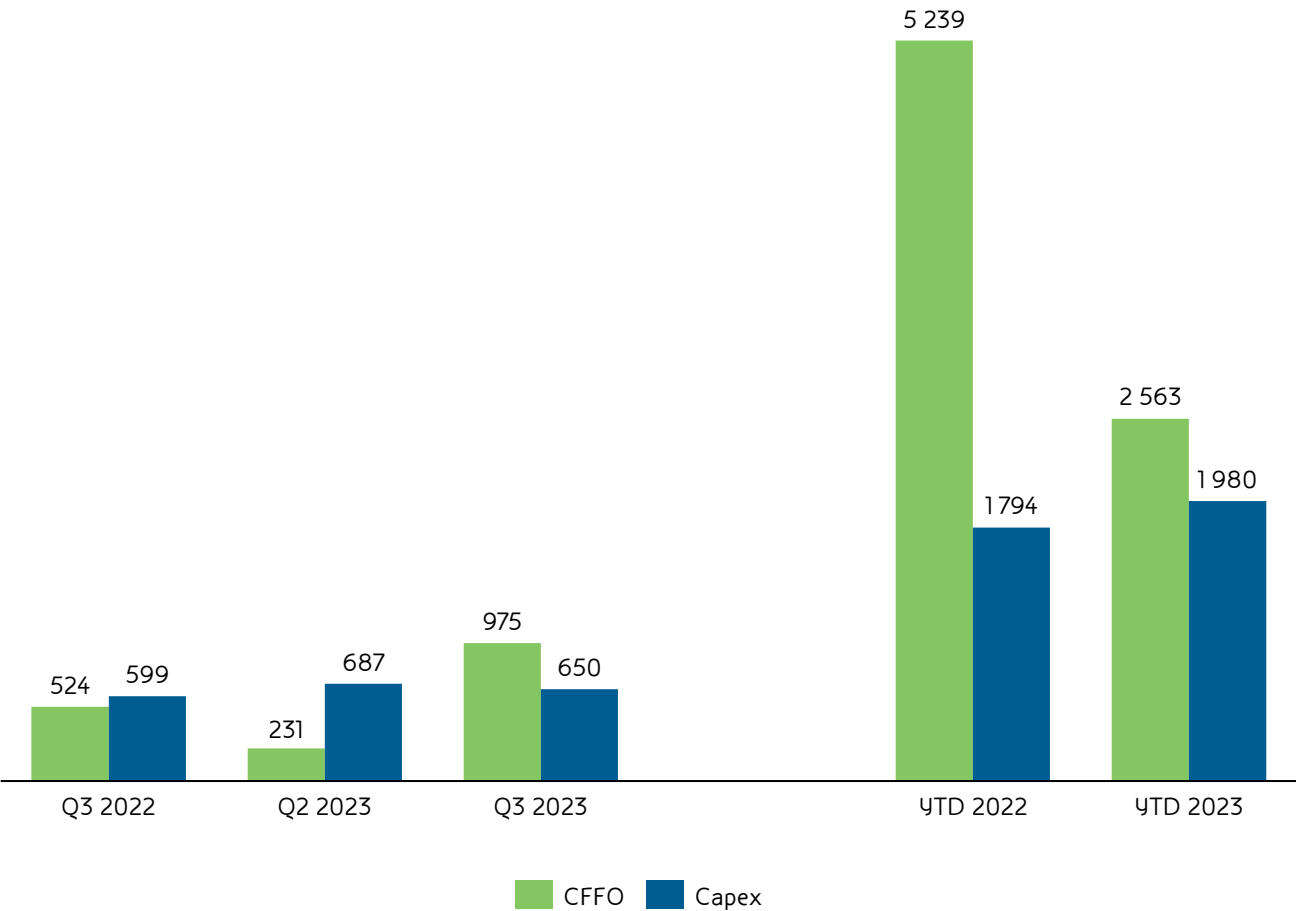


1. Based on average THE, TTF, NBP and PEG gas prices for the first nine months of 2023  
2. Based on average exchange rates through Q3 2023

# High cash flow generation

## CFFO and capex

USD million



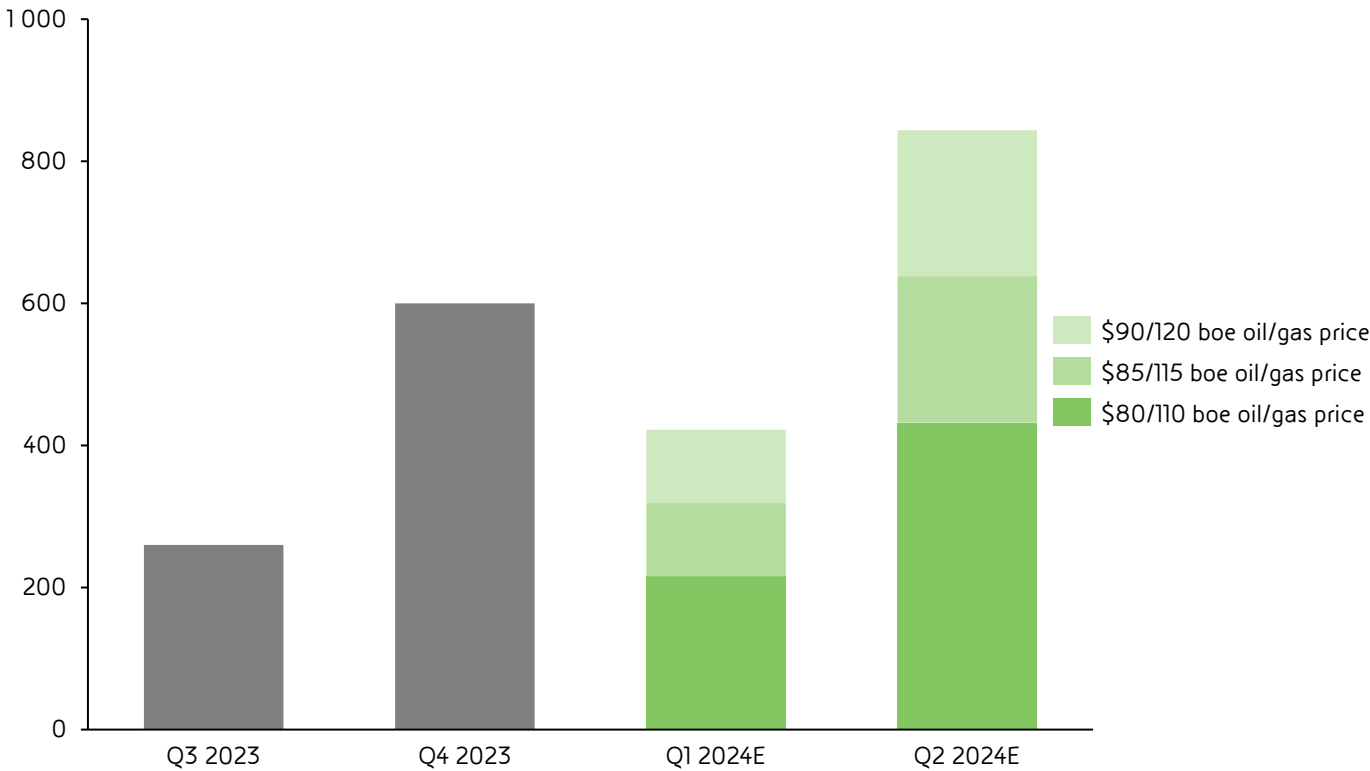
1.5x  
Q3 2023 capex coverage

USD 2.4 – 2.7bn  
Capex guidance for 2023

# Cash taxes

## Tax payments – sensitivities for 1H 2024<sup>1</sup>

USD million



NOK ~6.1bn

Q4 2023 tax payments (USD ~600m)<sup>1,2</sup>

Taxes paid in 1H 2024 related to 2023 results

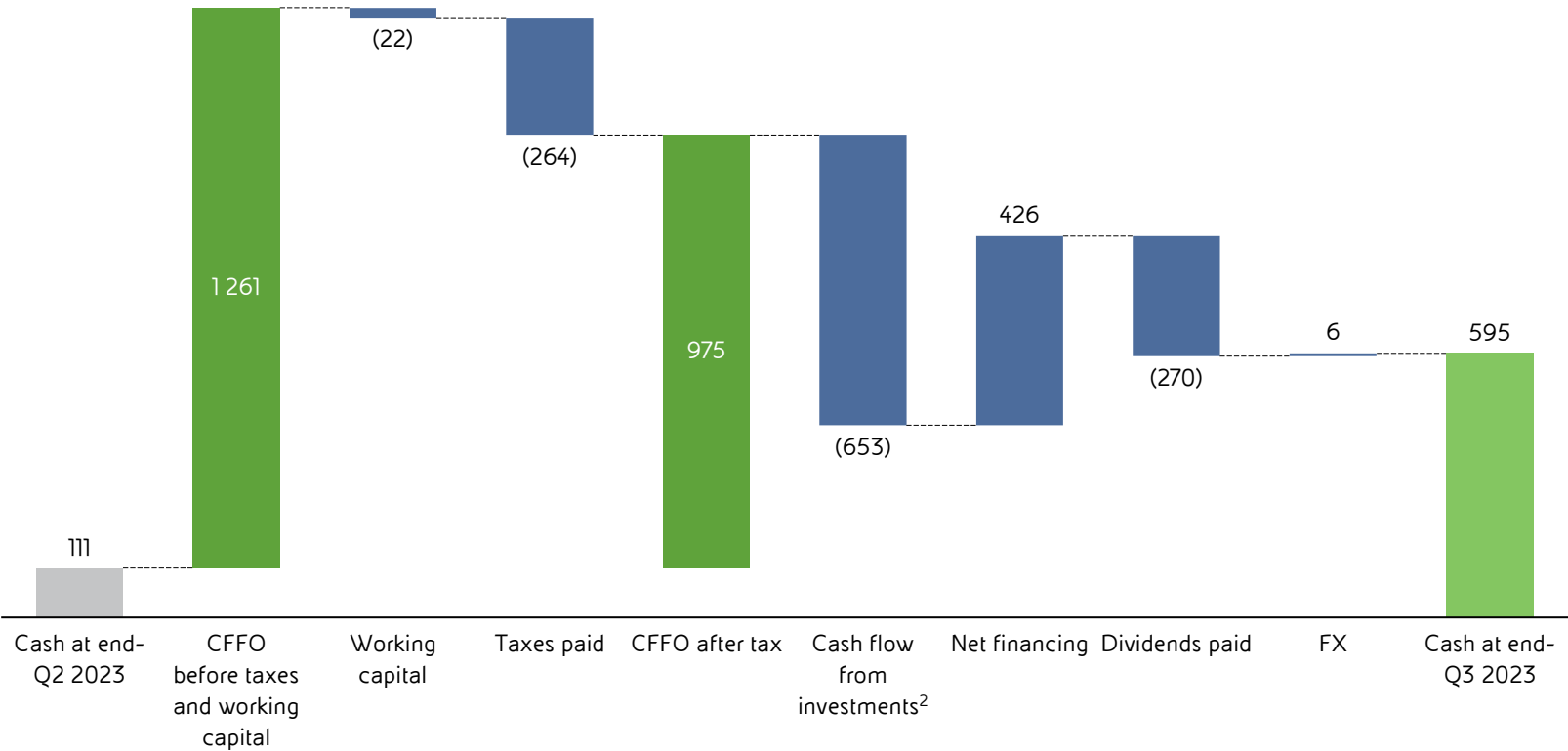
20  
1. Based on NOK/USD of 10.5, excluding Neptune Energy Norway's expected cash tax payments  
2. Increased by NOK 1 billion from previous guidance



# Continued strong liquidity position

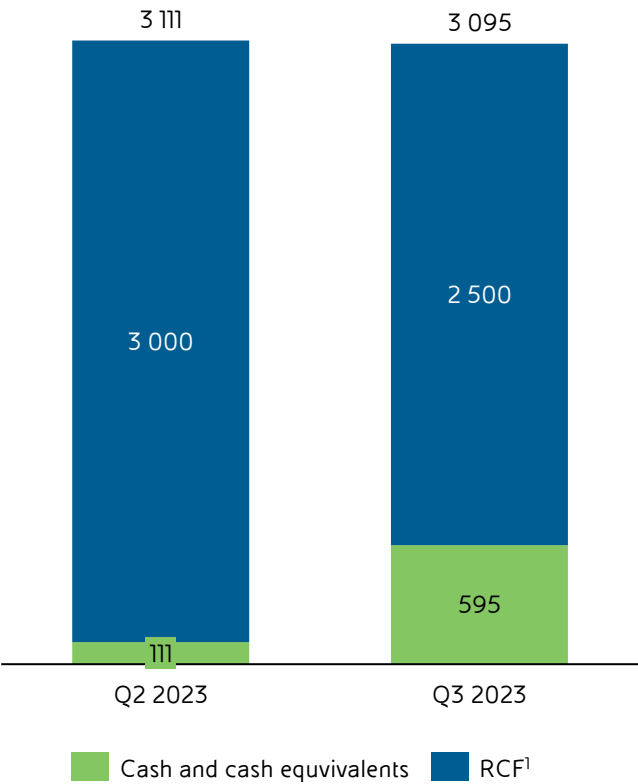
## Cash flow development Q3 2023

USD million



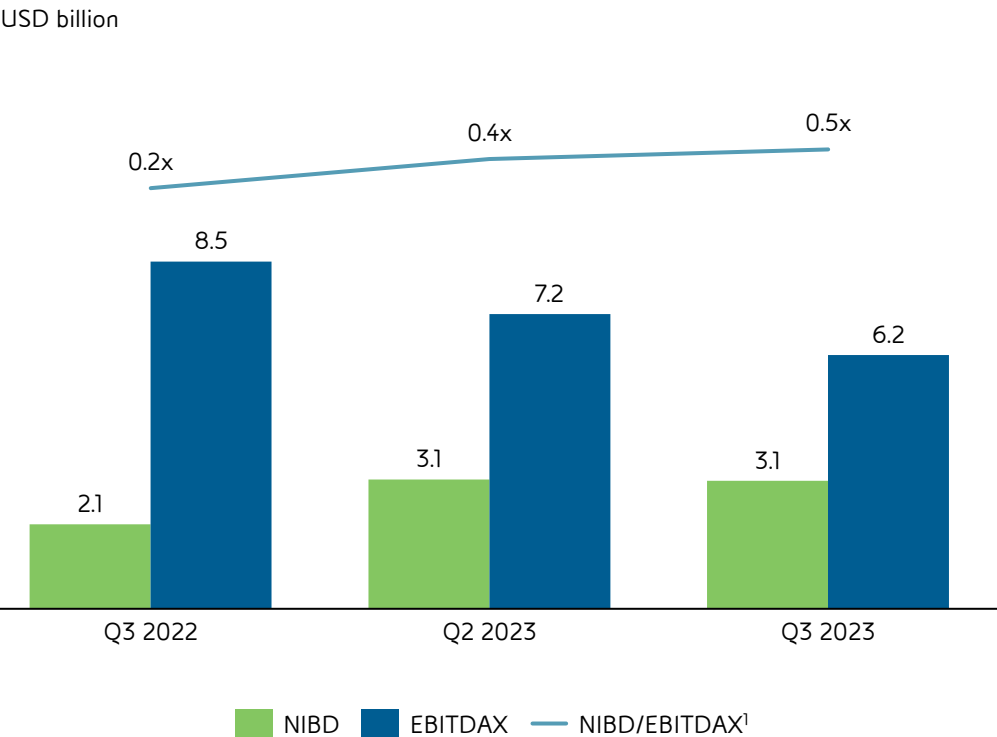
## Available liquidity

USD million

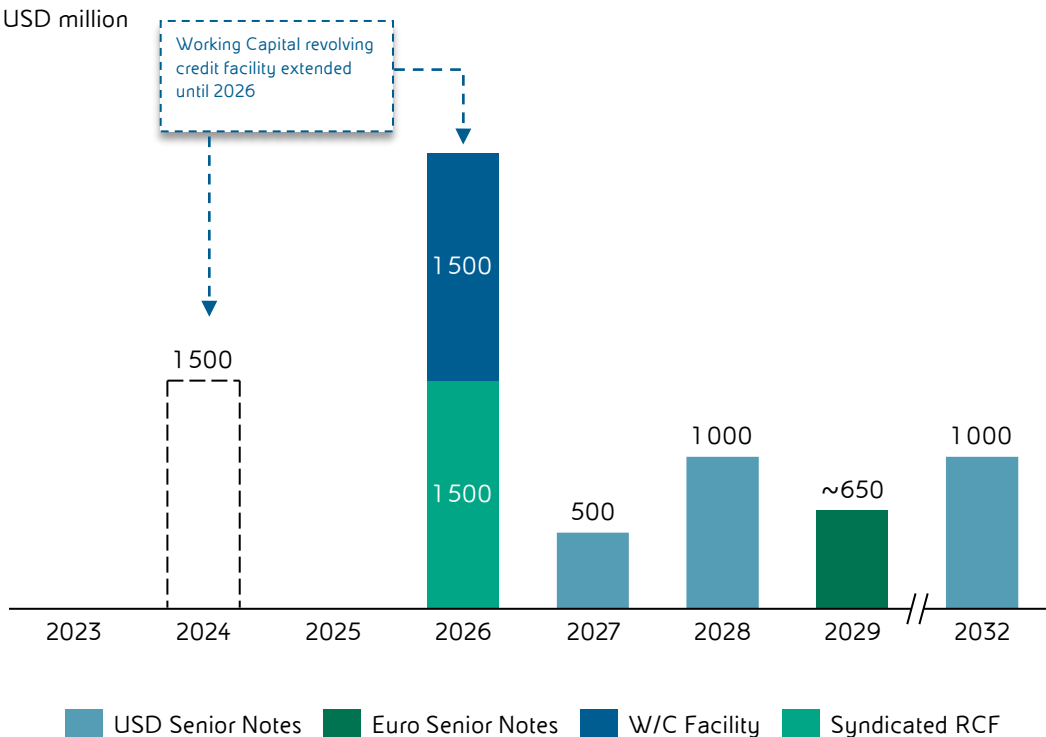


# Optimising the long-term financing structure

Net interest-bearing debt and leverage ratio<sup>1</sup>



Maturity profile



Committed to maintaining Investment Grade rating

Moody's

BBB

S&P Global

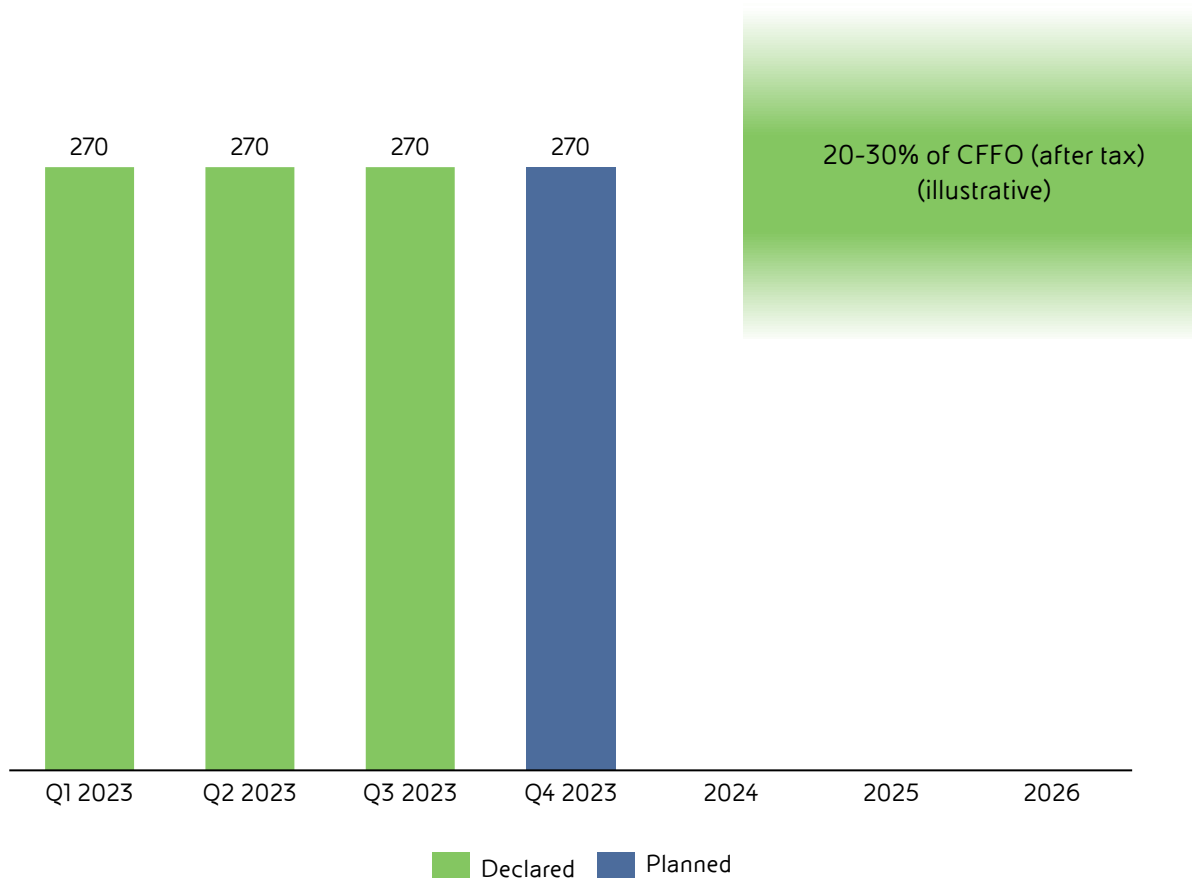
Baa3

22 1. Net interest-bearing debt (NIBD) is shown at end of period, including lease commitments. EBITDAX is rolling 12-months

# Attractive and predictable dividends

## Dividends declared

USD million



- Dividend guiding for Q4 2023 of USD 270 million (~0.11 USD per share)
- Expected total dividend for 2023 of USD 1.080 million, approximately 30% of CFFO after tax
- Dividend for Q3 2023 of USD ~0.11 per share to be paid 16 November 2023
  - Paid in NOK at exchange rate of USD/NOK 11.1338

# 2023 guidance

Production	210-220 kboepd
Production cost	USD 14.5-15.5 per boe
Capex	USD 2.4-2.7 billion excl. exploration and abandonment Exploration USD ~200 million Abandonment USD ~50 million
Other	Cash tax payments of USD ~600 <sup>1</sup> million in Q4 2023
Dividends	Q4 dividend of USD 270 million (~0.11 USD per share) For 2023, the plan is to distribute approximately 30% of CFFO after tax





# One of the fastest growing E&P companies in the world

Accelerating growth target to ~400 kboepd by end-2025

Delivering production and improved opex

Strong financial performance

Attractive and predictable shareholder distribution





# Q&A



# Disclaimer

The Materials speak only as of their date, and the views expressed are subject to change based on a number of factors, including, without limitation, macroeconomic and equity market conditions, investor attitude and demand, the business prospects of the Group and other specific issues. The Materials and the conclusions contained herein are necessarily based on economic, market and other conditions, as in effect on, and the information available to the Company as of, their date. The Materials comprise a general summary of certain matters in connection with the Group. The Materials do not purport to contain all information required to evaluate the Company, the Group and/or their respective financial position. The Materials should among other be reviewed together with the Company's Annual Report 2022 and other public disclosures by the Company. The Materials contain certain financial information, including financial figures for and as of 30 September 2023 that is preliminary and unaudited, and that has been rounded according to established commercial standards. Further, certain financial data included in the Materials consists of financial measures which may not be defined under IFRS or Norwegian GAAP. These financial measures may not be comparable to similarly titled measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS or Norwegian GAAP.

The Company urges each Recipient to seek its own independent advice in relation to any financial, legal, tax, accounting or other specialist advice. No such advice is given by the Materials and nothing herein shall be taken as constituting the giving of investment advice and the Materials are not intended to provide, and must not be taken as, the exclusive basis of any investment decision or other valuation and should not be considered as a recommendation by the Company (or any of its affiliates) that any Recipient enters into any transaction. Any decision as to whether to enter into any transaction should be taken solely by the relevant Recipient. Before entering into such transaction, each Recipient should take steps to ensure that it fully understands such transaction and has made an independent assessment of the appropriateness of such transaction in the light of its own objectives and circumstances, including the possible risks and benefits of entering into such transaction.

The Materials may constitute or include forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "plans", "targets", "aims", "believes", "expects", "projects", "anticipates", "intends", "estimates", "will", "may", "continues", "should" and similar expressions. Any statement, estimate or projections included in the Materials (or upon which any of the conclusion contained herein are based) with respect to anticipated future performance (including, without limitation, any statement, estimate or projection with respect to the condition (financial or otherwise), prospects, business strategy, plans or objectives of the Group and/or any of its affiliates) reflect, at the time made, the Company's beliefs, intentions and current targets /aims and may prove not to be correct. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. The Company does not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

To the extent available, the industry, market and competitive position data contained in the Materials come from official or third-party sources. Third-party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, none of the Company, its affiliates or any of its or their respective representatives has independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in the Materials come from the Company's own internal research and estimates based on the knowledge and experience of the Company in the markets in which it has knowledge and experience. While the Company believes that such research and estimates are reasonable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change and correction without notice. Accordingly, reliance should not be placed on any of the industry, market or competitive position data contained in the Materials.

The Materials are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation of such jurisdiction or which would require any registration or licensing within such jurisdiction. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction. The Company's securities have not been registered and the Company does not intend to register any securities referred to herein under the U.S. Securities Act of 1933 (as amended) or the laws of any state of the United States. This document is also not for publication, release or distribution in any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction nor should it be taken or transmitted into such jurisdiction and persons into whose possession this document comes should inform themselves about and observe any such restrictions.