Q4 2014 Presentation
Karl Johnny Hersvik, CEO
Alexander Krane, CFO
25 February 2015
Highlights

- Acquisition of Marathon Oil Norge AS completed

- Operations
  - Total production of 62.6 mboepd in Q4 2014

- Development Projects
  - Bøyla on stream in January – on schedule
  - Ivar Aasen development on schedule
  - Johan Sverdrup PDO submitted

- Finance and outlook
  - Q4 EBITDA USD 239 million, EPS -1.42 USD
  - 2015 CAPEX guidance of USD 950-1,000 million
  - Cost efficiency program initiated

The PDO for Johan Sverdrup was submitted on 13 February 2015
FINANCIALS

Highlights

Overview

- **Q4 Accounts**
  - Inclusion of Marathon Oil Norge
  - Purchase price allocation
  - Impairment charges
  - Change of functional currency to USD

- **Funding and liquidity**
  - RBL
  - DETNOR02
  - Long-term funding

- **Financial risk management**

- **2015 guidance**

Headline figures

<table>
<thead>
<tr>
<th></th>
<th>Q4 ‘14</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total production (boepd)</td>
<td>54,175</td>
<td>15,630</td>
</tr>
<tr>
<td>Oil price realised (USD/bbl)</td>
<td>74</td>
<td>78</td>
</tr>
<tr>
<td>Operating revenues (USDm)</td>
<td>346</td>
<td>464</td>
</tr>
<tr>
<td>EBITDA (USDm)</td>
<td>239</td>
<td>208</td>
</tr>
<tr>
<td>EBIT (USDm)</td>
<td>-184</td>
<td>-299</td>
</tr>
<tr>
<td>Net profit/loss (USDm)</td>
<td>-287</td>
<td>-279</td>
</tr>
<tr>
<td>EPS (USD)</td>
<td>-1.42</td>
<td>-1.68</td>
</tr>
<tr>
<td>NIBD (USDm)</td>
<td>1,994</td>
<td>1,994</td>
</tr>
<tr>
<td>Equity ratio (adj.)</td>
<td>15.5%</td>
<td>15.5%</td>
</tr>
</tbody>
</table>
## FINANCIALS

### Statement of income

<table>
<thead>
<tr>
<th>Income statement (USD mill)</th>
<th>Q4 2014</th>
<th>Q4 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>346</td>
<td>43</td>
<td>464</td>
</tr>
<tr>
<td>Production costs</td>
<td>44</td>
<td>17</td>
<td>67</td>
</tr>
<tr>
<td>Payroll and payroll-related expenses</td>
<td>(10)</td>
<td>1</td>
<td>(17)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>23</td>
<td>1</td>
<td>49</td>
</tr>
<tr>
<td><strong>EBITDAX</strong></td>
<td>289</td>
<td>25</td>
<td>365</td>
</tr>
<tr>
<td>Exploration expenses</td>
<td>50</td>
<td>93</td>
<td>158</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>239</td>
<td>(68)</td>
<td>208</td>
</tr>
<tr>
<td>Depreciation</td>
<td>104</td>
<td>21</td>
<td>160</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>319</td>
<td>112</td>
<td>346</td>
</tr>
<tr>
<td>Operating profit/loss (EBIT)</td>
<td>(184)</td>
<td>(201)</td>
<td>(299)</td>
</tr>
<tr>
<td>Net financial items</td>
<td>(13)</td>
<td>18</td>
<td>(77)</td>
</tr>
<tr>
<td><strong>Profit/loss before taxes</strong></td>
<td>(197)</td>
<td>(219)</td>
<td>(376)</td>
</tr>
<tr>
<td>Tax (+) / Tax income (-)</td>
<td>90</td>
<td>(163)</td>
<td>(93)</td>
</tr>
<tr>
<td><strong>Net profit/loss</strong></td>
<td>(287)</td>
<td>(56)</td>
<td>(279)</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>(1.42)</td>
<td>(0.40)</td>
<td>(1.68)</td>
</tr>
</tbody>
</table>
# FINANCIALS

## Statement of financial position

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>1,187</td>
<td>53</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>940</td>
<td>444</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2,549</td>
<td>437</td>
</tr>
<tr>
<td>Calculated tax receivables (long)</td>
<td>-</td>
<td>47</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>-</td>
<td>104</td>
</tr>
<tr>
<td>Receivables and other assets</td>
<td>412</td>
<td>135</td>
</tr>
<tr>
<td>Calculated tax receivables (short)</td>
<td>-</td>
<td>232</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>296</td>
<td>281</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>5,384</strong></td>
<td><strong>1,733</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>652</td>
<td>524</td>
</tr>
<tr>
<td>Other provisions for liabilities incl. P&amp;A (long)</td>
<td>503</td>
<td>155</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>1,286</td>
<td>-</td>
</tr>
<tr>
<td>Bonds</td>
<td>253</td>
<td>407</td>
</tr>
<tr>
<td>Bank debt</td>
<td>2,037</td>
<td>335</td>
</tr>
<tr>
<td>Exploration facility</td>
<td>-</td>
<td>79</td>
</tr>
<tr>
<td>Other current liabilities incl. P&amp;A (short)</td>
<td>464</td>
<td>233</td>
</tr>
<tr>
<td>Tax payable</td>
<td>189</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Equity and Liabilities</strong></td>
<td><strong>5,384</strong></td>
<td><strong>1,733</strong></td>
</tr>
</tbody>
</table>
## Statement of cash flow

### Condensed statement of cash flows Q4-2014  
**USDm**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-tax profit</td>
<td>(197)</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(109)</td>
</tr>
<tr>
<td>Tax refund</td>
<td>191</td>
</tr>
<tr>
<td>DD&amp;A + Impairment</td>
<td>423</td>
</tr>
<tr>
<td>Δ W/C and other</td>
<td>(13)</td>
</tr>
<tr>
<td><strong>Net cash from operations</strong></td>
<td>295</td>
</tr>
<tr>
<td>Investments in fixed assets</td>
<td>(255)</td>
</tr>
<tr>
<td>Purchase/sale fixed assets</td>
<td>(1 514)</td>
</tr>
<tr>
<td>Capitalised exploration / Other</td>
<td>(26)</td>
</tr>
<tr>
<td><strong>Net cash from investments</strong></td>
<td>(1 794)</td>
</tr>
<tr>
<td>Drawn on RBL</td>
<td>2 650</td>
</tr>
<tr>
<td>Repayment bank debt</td>
<td>(1 132)</td>
</tr>
<tr>
<td>Repayment bond debt</td>
<td>(88)</td>
</tr>
<tr>
<td>Transaction cost</td>
<td>(67)</td>
</tr>
<tr>
<td><strong>Net cash from financing</strong></td>
<td>1 363</td>
</tr>
<tr>
<td>Beginning cash (30.09.2014)</td>
<td>445</td>
</tr>
<tr>
<td>Exchange rate differences</td>
<td>(12)</td>
</tr>
<tr>
<td><strong>End cash (31.12.2014)</strong></td>
<td>296</td>
</tr>
</tbody>
</table>

- One tax payment in December and tax refund for 2013 exploration activity disbursed in Q4-2014
- Investments of USD 255 million in the quarter
- Cleaner debt structure at year-end consisting of RBL and DETNOR02 bond only
  - Repaid RCF in full (420 USDm)
  - Repaid DETNOR01 (88 USDm)
  - Repaid exploration facility (162 USDm)
  - Reduced drawn amount on RBL (550 USDm)
- Year-end cash consisted of about 50% USD, 50% in other currencies
FINANCIALS

Funding and liquidity

- **Net debt of USD 2 billion**
  - Outstanding debt of USD 2.3 billion (bonds and bank debt) at year end 2014
  - Cash and cash equivalents of ~USD 300 million at year end 2014

- **USD 3.0 bn RBL facility**
  - Drawn USD 2.65 bn at closing, reduced to USD 2.1 bn at year-end for cash management purposes
  - Borrowing base availability of USD 2.7 billion at year end
  - Leverage ratio covenant: Net debt / EBITDAX < 3.5x
  - Interest cover ratio covenant: EBITDA / Interest expense > 3.5x
  - Short and long-term liquidity tests

- **DETNOR02 (2013/2020) NOK 1.9 billion bond**
  - Adjusted equity covenant: Equity / (Total assets less goodwill) > 25% → Q4 2014 Adj. Equity ratio of 15.5%
  - Work ongoing to address certain adjustments to the loan agreement

- **Work ongoing to optimize long-term capital structure**
**Finances**

**Financial risk management**

- **Loss of Production Insurance**
  - A loss of production insurance for Alvheim in place
  - Reducing the impact of an accidental Alvheim FPSO shut-down

- **Increased exposure to market volatility**
  - No commodity hedges currently established
  - Some cross-currency swaps active in Q4
  - Escalated foreign exchange hedging activity in 2015

- **Det norske closely monitors its risk exposure and assesses risk-reducing measures**
Reserves & Production
Q4 2014
**PRODUCTION**

**Actual production**

**Net actual production (boepd)**

- **Q4 production**
  - Q4 2014 production of 62.6 mboepd
  - Production from MONAS not accounted for in the income statement before 15 October 2014

- **2014 production**
  - Total 2014 production was 66.6 mboepd
  - Greater Alvheim accounted for ~97% in 2014
  - 2014 production: 88% oil, 12% gas
  - Greater Alvheim has outperformed 2014 forecasts
RESERVES

Year-end 2014 certified reserves of 206 mmboe

Proven & probable reserves (P50), end 2014

- Alvheim: 90
- Bøyla: 15
- Vilje: 11
- Aasen incl. Hanz: 71
- Gina: 7
- Other: 1

Development in P50 reserves (mmboe)

Year-end 2013: 66
Acquisitions: 136
Production: 24
Revisions: 28
Year-end 2014: 206
Sverdrup*: 279
Pro-forma 2014: 484

2014 RRR of 1.16x

* Based on Operator’s proposal for working interest (11.8933%)
Development Projects
Q4 2014
BØYLA

Bøyla production commenced in January

- 19 January, first oil flowed from the Bøyla field to the Alvheim FPSO – on schedule
  - Hooked up with no shut-down on the Alvheim FPSO
  - The first well has produced above 18 mboepd (gross) in its first month of production

- The second well will be completed in Q2

- Reserves estimated to 23 mmboe (gross)
Recoverable resources of approx. 9 mmboe
- 90% oil
- Estimated average daily rate of 7 500 boed (gross)

Development project commenced
- Subsea tie back to the existing Volund manifold via a new extension manifold
- Development costs estimated at approx. NOK 1.8 billion (gross)

East Kameleon L4
- Production to commence in Q2 2015

BoaKam North
- To be completed in Q3 2015

Kneler K6
- Drilling to commence in Q3 ’15, completed in 2016

Viper-Kobra and IOR projects

Alvheim IOR Projects

Kobra
- Infill wells
- License area
- Det norske partner
- Gas
- Det norske operator

ALVHEIM AREA DEVELOPMENTS

Viper-Kobra and infill wells
IVAR AASEN

Development on track

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Concept selection
- FEED studies
- PDO approval
- Unitisation Agreement
- Construction of jacket
- Construction of topside
- Construction of LQ
- Maersk Interceptor to Norway
- Drilling of geo-pilots
- Jacket lifted into place
- Drilling of production wells
- Topside to leave SMOE yard
- Installation of topside
- Installation of living quarters
- Hook-up and commissioning
- Production start-up

Ivar Aasen development concept
Drilling programme has commenced

- Drilling of the geo-pilots in Ivar Aasen has started
- First geo-pilot in line with expectations
- The well was optimized for the drilling of the pilot well, and the target of the Løvstakken prospect was not tested above the oil-water contact
- The drilling of the three pilot wells will be concluded by the summer of 2015
- After the pilot wells, the drilling of production wells will commence
  - The Ivar Aasen field is planned developed with a total of 15 wells; eight production wells and seven water injection wells.
In Q4, the two last sections were rolled-up

Construction completed in January 2015
  - On time and below budget
  - No serious incidents

Jacket expected to sail to Norway this spring

Installation on Ivar Aasen during Q2 2015

Jacket construction has been completed
IVAR AASEN

Construction of topside progressing as planned

30 January 2015: Lifting of the intermediate deck

The 3 500 m2 intermediate deck fit well together with the cellar deck
PDO and PIOs submitted on 13 February 2015

- Production start-up: Late 2019
- Resources: 1.7-3.0bn boe (80% from Phase 1)
- Capex: NOK 117bn in Phase 1, NOK 170-220bn in total

Phase 1 capex includes:

- Four bridge-linked platforms (processing platform, drilling platform, riser platform and living quarter)
- Three subsea water injection templates
- Drilling, export of oil and gas, power from shore
- Contingencies and allowances for market adjustments

The partnership has recommended Statoil as the operator for all phases of field development and operation
Ownership interests in Johan Sverdrup should be distributed according to a combination of volume and value
- The proposal from the operator did not reflect the underlying value in the various licenses in the Johan Sverdrup field
- Det norske could therefore not sign the proposed unitization agreement

Det norske could not sign the agreement
- The other partners have asked the Ministry of Petroleum and Energy to conclude on the unitization
- Until then, Statoil’s proposal will be used as a basis, awarding Det norske with a 11.8933 per cent interest in Johan Sverdrup

Det norske did not sign the unit agreement
Exploration

Q4 2014
EXPLORATION & APPRAISAL

More resources at Krafla

- Krafla North discovery in Q4 2014 and Krafla Main appraisal in Q1 2015
- Five discoveries made in PL035/272 since 2011
- Recoverable resources in PL035/272 expected to be 140 – 220 mmboe after well results and updated evaluations in the licenses

1 Det norske is partner with 25% in PL035/272. Statoil is operator with 50% and Svenska Exploration AS with 25%.
## 2015 Drilling activity

### 2015 Drilling schedule

<table>
<thead>
<tr>
<th>License</th>
<th>Prospect</th>
<th>Share</th>
<th>mmboe</th>
<th>Rig</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>PL 272/035</td>
<td>Krafla North &amp; Main</td>
<td>25 %</td>
<td>-</td>
<td>Transocean Leader</td>
<td>Q4 14/Q1 15</td>
</tr>
<tr>
<td>PL 001B</td>
<td>Løvstakken</td>
<td>35%</td>
<td>-</td>
<td>Maersk Interceptor</td>
<td>Q1 15</td>
</tr>
<tr>
<td>PL 627</td>
<td>Skirne East</td>
<td>20 %</td>
<td>50-171</td>
<td>Leiv Eiriksson</td>
<td>Q2 15</td>
</tr>
<tr>
<td></td>
<td>Gina Krog East 3</td>
<td>3.3 %</td>
<td>27-82</td>
<td>TBC</td>
<td>TBC</td>
</tr>
<tr>
<td>PL 672</td>
<td>Snømus</td>
<td>25 %</td>
<td>14-94</td>
<td>Maersk Giant</td>
<td>Q2 15</td>
</tr>
</tbody>
</table>

- **Prioritising near field exploration (ILX)**
  - Mature existing discoveries
  - Value creation from tie-back candidates

- **2015 exploration budget of USD 115 – 125 million**
  - Wells, seismic, G&G, area fee
Outlook
Q4 2014
OUTLOOK

Investment budget of USD 950-1,000 million

- **Ivar Aasen**
  - Drilling of geo-pilots, construction of topsides and living quarters, misc. project costs

- **Alvheim area**
  - **Alvheim**: Three infill wells
  - **Volund**: LLI’s for two planned infill wells
  - **Bøyla**: Completion of third development well
  - **Viper-Kobra**: Manufacturing new subsea manifold, preparations for 2016 drilling campaign

- **Johan Sverdrup**
  - Award of major contracts and start detailed engineering and procurement.
  - Concept studies future phases

- **Other**
  - Gina Krog, Utsira pipelines, IT, misc.

Assumes USDNOK = 7.50

*Assuming 11.8933% ownership*
Cost efficiency programme initiated as a response to challenging market environment

Costs to be reduced by USD 100+ mill for 2015

Top management to run and own process

To be concluded by the summer of 2015

Continue to improve supply chain and optimize processes going forward

Take advantage of the adverse market environment where we can
## OUTLOOK

### Overview of 2015 guidance

<table>
<thead>
<tr>
<th>Financials</th>
<th>Last guidance - as of Q3 2014</th>
<th>Current guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPEX</td>
<td>N/A</td>
<td>USD 950 – 1,000 million</td>
</tr>
<tr>
<td>EXPEX</td>
<td>N/A</td>
<td>USD 115 – 125 million</td>
</tr>
<tr>
<td>Production cost per boe</td>
<td>N/A</td>
<td>USD 8 – 10 per boe</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operations</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 production</td>
<td>58 – 63 mboepd</td>
<td>58 – 63 mboepd</td>
</tr>
<tr>
<td>Ivar Aasen start-up</td>
<td>Q4 2016</td>
<td>Q4 2016</td>
</tr>
<tr>
<td>Ivar Aasen total CAPEX (gross)</td>
<td>NOK 27.4 bn (nominal)</td>
<td>NOK 27.4 bn (nominal)</td>
</tr>
<tr>
<td>Johan Sverdrup start-up</td>
<td>Q4 2019</td>
<td>Q4 2019</td>
</tr>
<tr>
<td>Johan Sverdrup Phase 1 CAPEX (gross)</td>
<td>NOK 100-120 bn (2014 value)</td>
<td>NOK 117 bn (2015 value)</td>
</tr>
</tbody>
</table>
OUTLOOK

Summary and outlook

- **Financial**
  - Continue to optimise the capital structure of the company going forward

- **Development projects**
  - Ivar Aasen progressing according to plan
  - Johan Sverdrup PDO submitted, unit agreement not concluded
  - Viper Kobra development has commenced

- **Cost Discipline**
  - Cost efficiency programme initiated