

Q1 2016

DET NORSKE OLJESELSKAP ASA

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29 APRIL 2016



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DET NORSKE Highlights

- Production
 - Q1-16 production of 60.6 mboepd, +12% from Q4-15
- Finance
 - Q1 EBITDA USD 129 million, EPS 0.16 (USD)
 - USD 1.23 billion in cash and undrawn debt facilities
- Development projects
 - Ivar Aasen development on plan and budget
 - Johan Sverdrup drilling commenced
 - Viper well completed, Kobra ongoing
- Exploration
 - Drilling program in Krafla/Askja area ongoing
- Business development
 - Acquisitions from Noreco and Centrica



FINANCIALS

Statement of income

Income statement (USD mill)	Q1 2016	Q1 2015	FY 2015
Revenues	205	329	1,222
Production costs	34	39	141
Other operating expenses	5	14	52
EBITDAX	165	275	1,029
Exploration expenses	36	15	76
EBITDA	129	261	953
Depreciation	114	122	481
Impairment losses	38	53	430
Operating profit/loss (EBIT)	(23)	86	41
Net financial items	8	(4)	(155)
Profit/loss before taxes	(16)	81	(114)
Tax (+) / Tax income (-)	(48)	79	199
Net profit/loss	32	2	(313)
EPS (USD)	0.16	(0.01)	(1.54)

FINANCIALS

Statement of financial position

Assets (USD mill)	31.03.16	31.03.15
Goodwill	739	1,134
Other intangible assets	924	940
Property, plant and equipment	3,090	2,679
Receivables and other assets	263	314
Calculated tax receivables (short)	215	-
Cash and cash equivalents	155	412
Total Assets	5,387	5,480

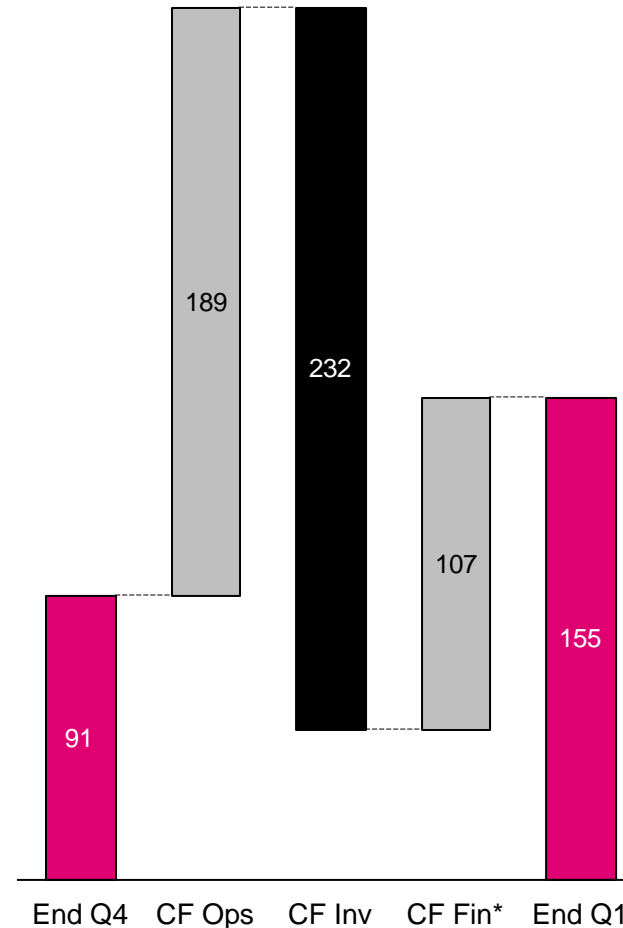
Equity and liabilities (USD mill)	31.03.16	31.03.15
Equity	371	654
Other provisions for liabilities incl. P&A (long)	461	505
Deferred tax	1,384	1,363
Bonds	518	233
Bank debt	2,221	2,144
Tax payable	-	110
Other current liabilities incl. P&A (short)	431	471
Total equity and liabilities	5,387	5,480

FINANCIALS

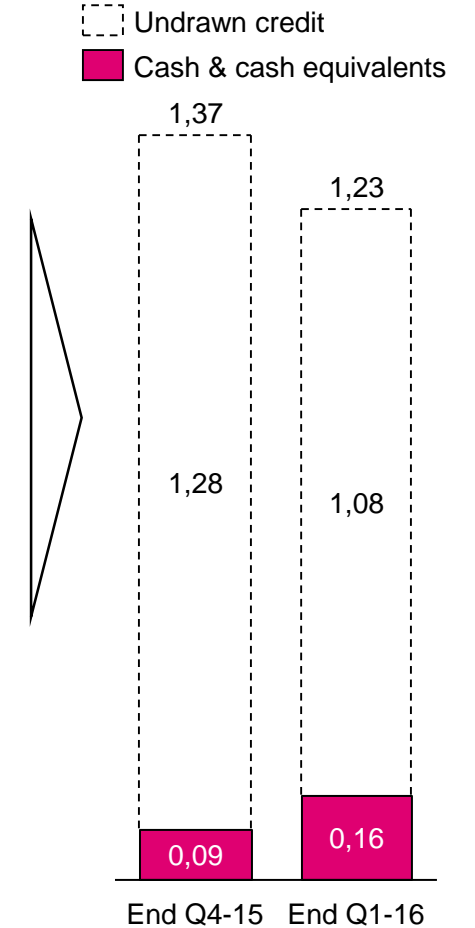
Cash flow and liquidity

- Operating cash flow covered ~80 percent of investments in the first quarter 2016 despite lower oil prices
- Net interest-bearing debt (book value) of USD 2.58 billion at the end of Q1-2016
- Cash and undrawn debt facilities of USD 1.23 billion at the end of Q1-2016
- Interim redetermination carried out during Q1-2016
 - Borrowing base of USD 2.8 billion through June 2016
 - Borrowing base from end June to end 2016 of USD 2.9 billion
 - Next redetermination in December 2016

Cash flow (USDm)



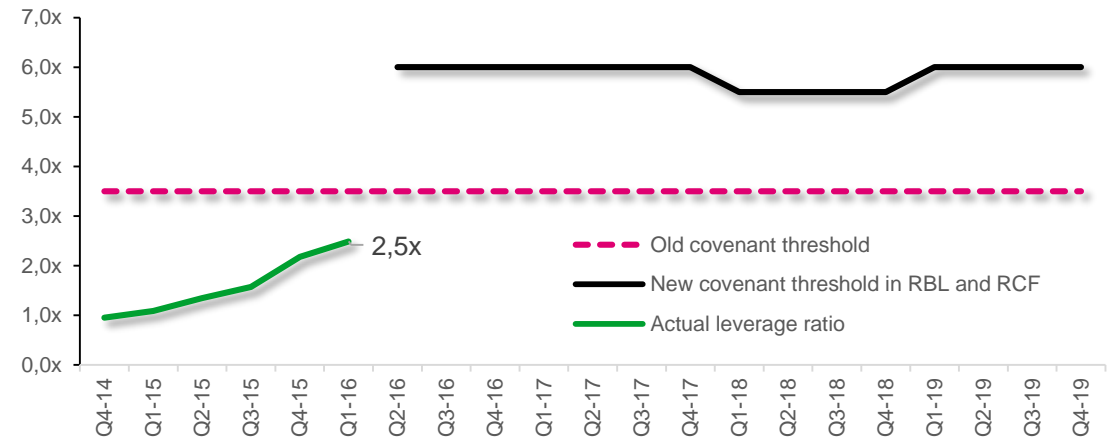
Liquidity (USDbn)



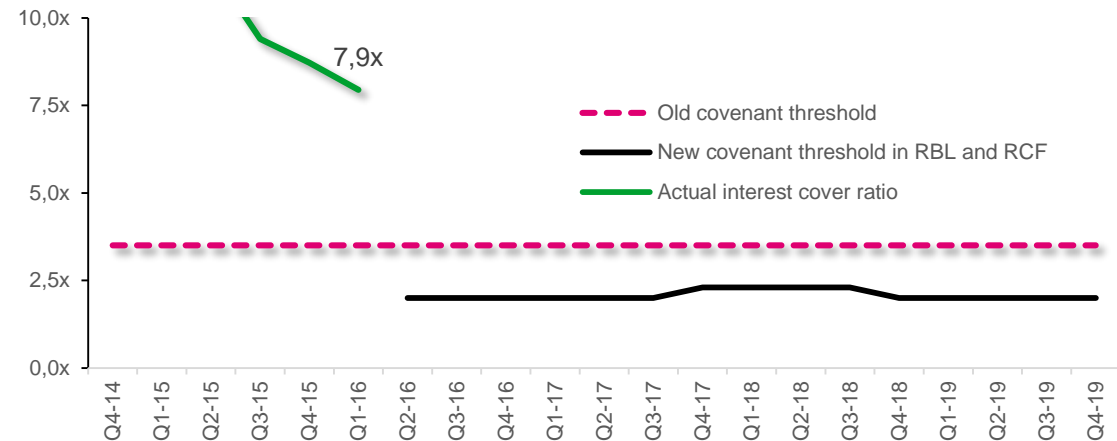
Covenant amendment process progressing

- Covenant amendment package accepted by bank consortium with agreement to ease covenant levels to end 2019
- Company working to achieve an amicable solution with bondholders in DETNOR02
- Leverage ratio of 2.5x and interest cover ratio of 7.9x at the end of Q1-2016

Leverage ratio



Interest cover ratio

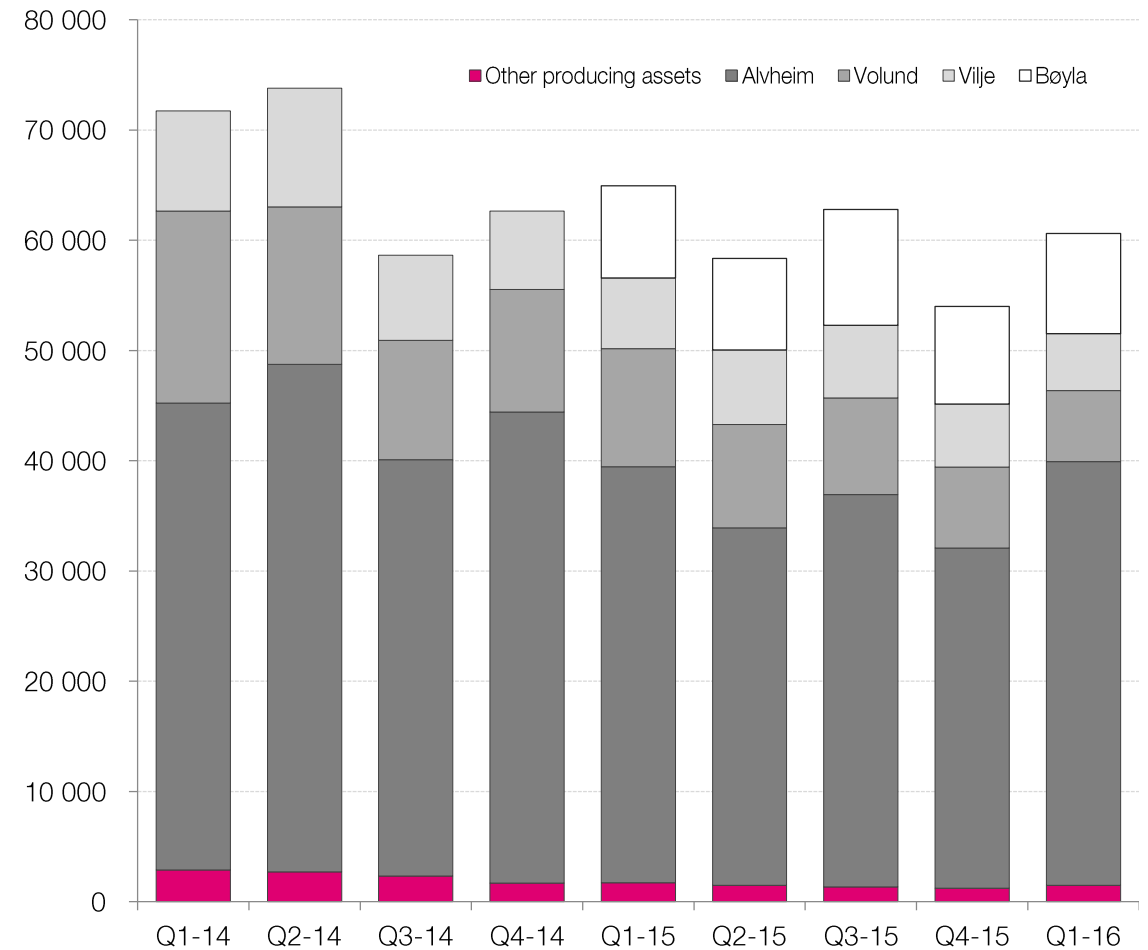


PRODUCTION

Oil and gas production

- Q1 2016 production of 60.6 mboepd
- Q1 2016 production efficiency of 99.3%
- Realized oil price of USD 37/bbl
- Production guidance reiterated
 - 2016 production expected between 55 – 60 mboepd

Net production (boepd) and production efficiency



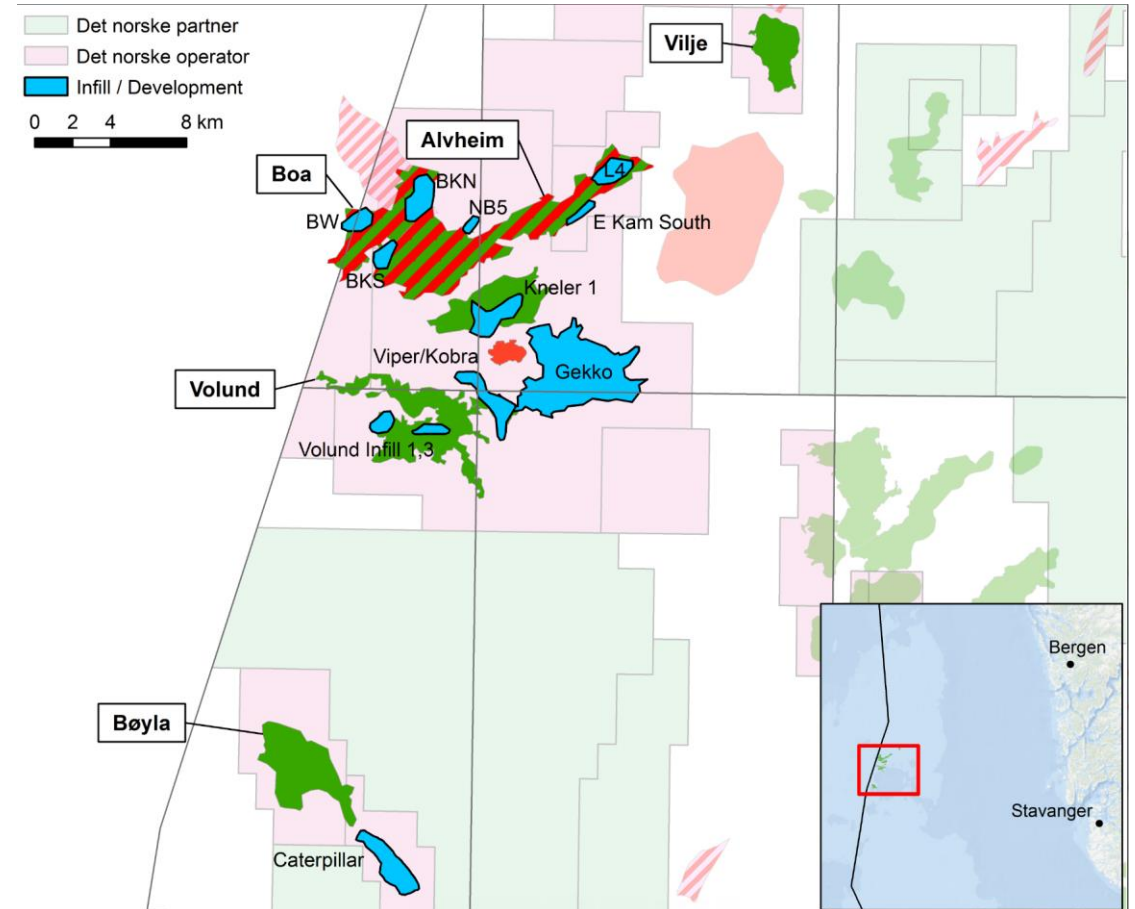
GREATER ALVHEIM AREA

Further developing the Alvheim area

Alvheim area

- 3 new wells planned to come on stream in 2016
- BoaKamNorth drilling completed in January
 - Ahead of schedule and budget
 - Well to be tied in to Alvheim infrastructure in Q2-2016
 - First oil expected in Q2-2016
- Transocean Arctic contract from December 2016
 - Two Volund infill wells
 - One Alvheim Attic well
 - One exploration well at West Volund
- Secure continuous development to fill the FPSO
 - Further maturing opportunities for the area

New projects in the Alvheim area



Viper-Kobra development

Drilling program ongoing, first oil in Q4-2016

■ Viper

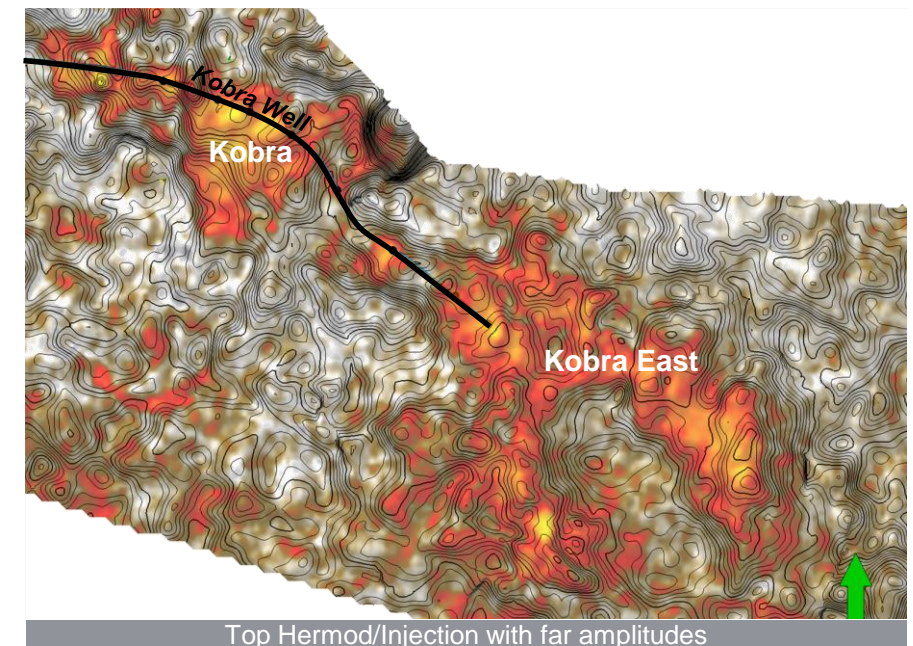
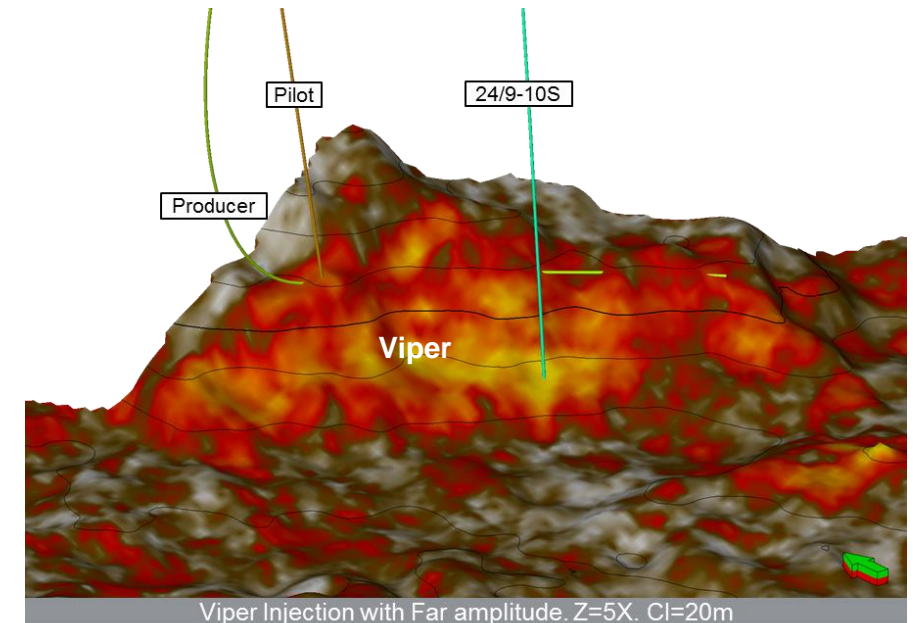
- Pilot well confirmed regional drawdown and connection to aquifer
- Drilled and completed Q1 2016, 19 days ahead schedule
- Preliminary post-drill assessment indicate 4 – 7 mmboe (gross) vs the P50 pre-drill estimate of 4 mmboe (gross)

■ Kobra

- Pre-drill P50 estimate of 4 mmboe (gross)
- Pilot well confirmed net sand penetration and confirmed pressure drawdown and connection with aquifer
- Pilot proved additional gross mean resources of 1.6 mmboe in shallower formation
- Horizontal producer landed in reservoir, 6 days ahead of schedule

■ Kobra East

- Prospect east of Kobra to be tested with toe of Kobra producer
- Targeting gross mean resources of 9.3 mmboe (67% C.O.S)

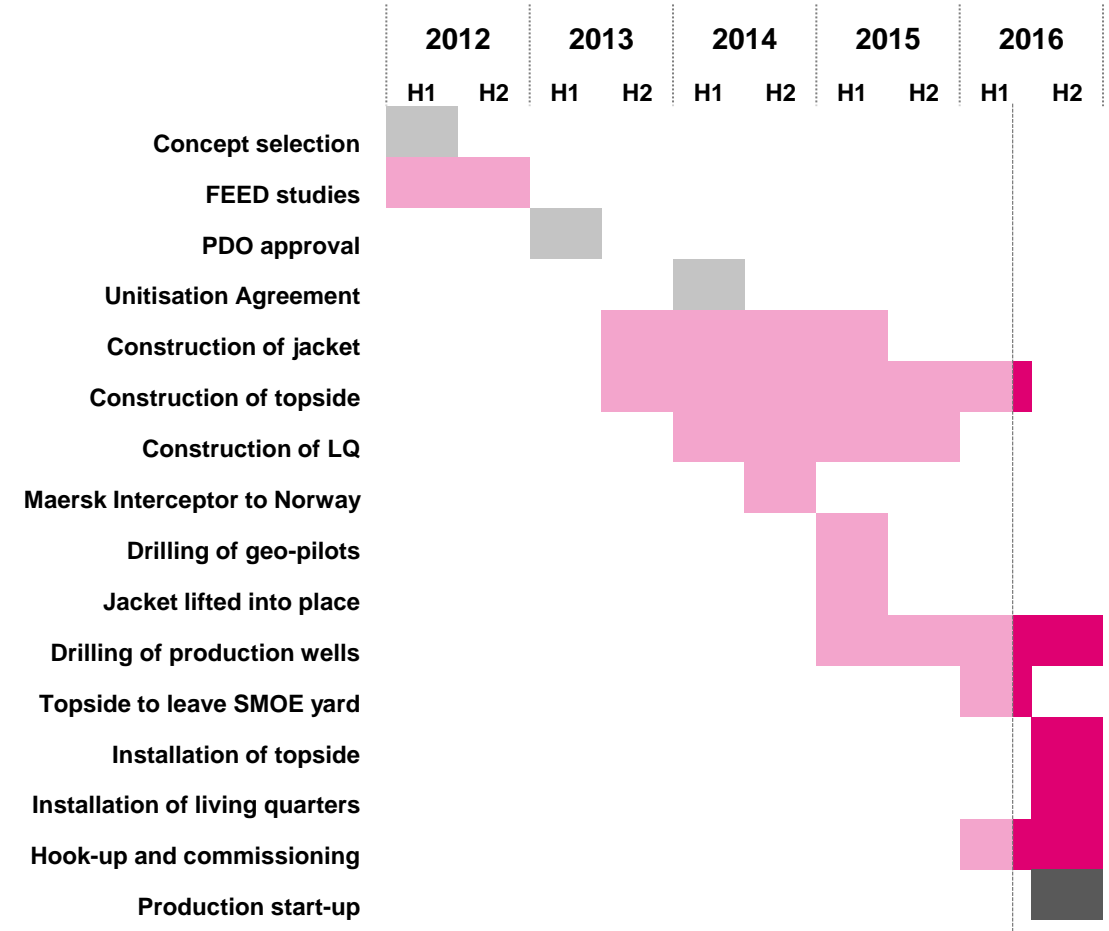


Ivar Aasen project on plan and budget

Recent events

- Construction of topside has reached 98% completion in Singapore
- Handover of sub-systems for commissioning and testing for topside and living quarters during the quarter
- Cosco's heavy-transport vessel «Xiang Rui Kou» to transport topside to the North Sea
- Production drilling continued ahead of schedule with top quartile performance, five producers and one water injector finished
- Two geo-pilot wells at West Cable East finished
 - Results are being evaluated
- Power cable between Edvard Grieg and Ivar Aasen installed

Detailed timeline



Upcoming milestones



Load out of topside and sail away from Singapore – Q2 2016



Hook-up, commissioning, testing and preparation for first oil – Q3/Q4 2016



Topside installation – July 2016



First oil – December 2016



Subsea scope finished – Q3 2016

Offshore hook-up and commissioning

- Handover of subsystem to operations before sail-away to minimize offshore work scope
- Det norske and Aibel working as one integrated team with common KPIs and incentives to minimize offshore work hours
- Proactive planning and coordination of all offshore activities to secure 1st oil in December 2016
- Safe Zephyrus mobilized from inshore location with personnel and equipment onboard to reduce logistics demand in mobilization phase
- Strong integrated onshore support-team to facilitate efficient work processes offshore



JOHAN SVERDRUP (11.5733%)

Progressing according to plan

- Pre-drilling with Deepsea Atlantic commenced in March
 - 8 oil production wells and a similar number of water injection wells are planned to be pre-drilled
 - 35 wells are planned to be drilled in Phase 1
- Platform construction ongoing:
 - Living Quarter Kværner Stord
 - Drilling Platform Aibel Haugesund
 - Jackets Kværner Verdalen (3)
Dragados (1)
- CAPEX at CCE2: NOK 108.5 billion (nominal in project FX), down from NOK 123 billion in PDO
 - Approximately 60% of CAPEX in NOK
- Partners have decided on debottlenecking measures with aim to increase phase 1 production capacity above 380 mboepd
- Phase 2 concept selection/DG2 planned for Q4 2016



Deepsea Atlantic



EXPLORATION

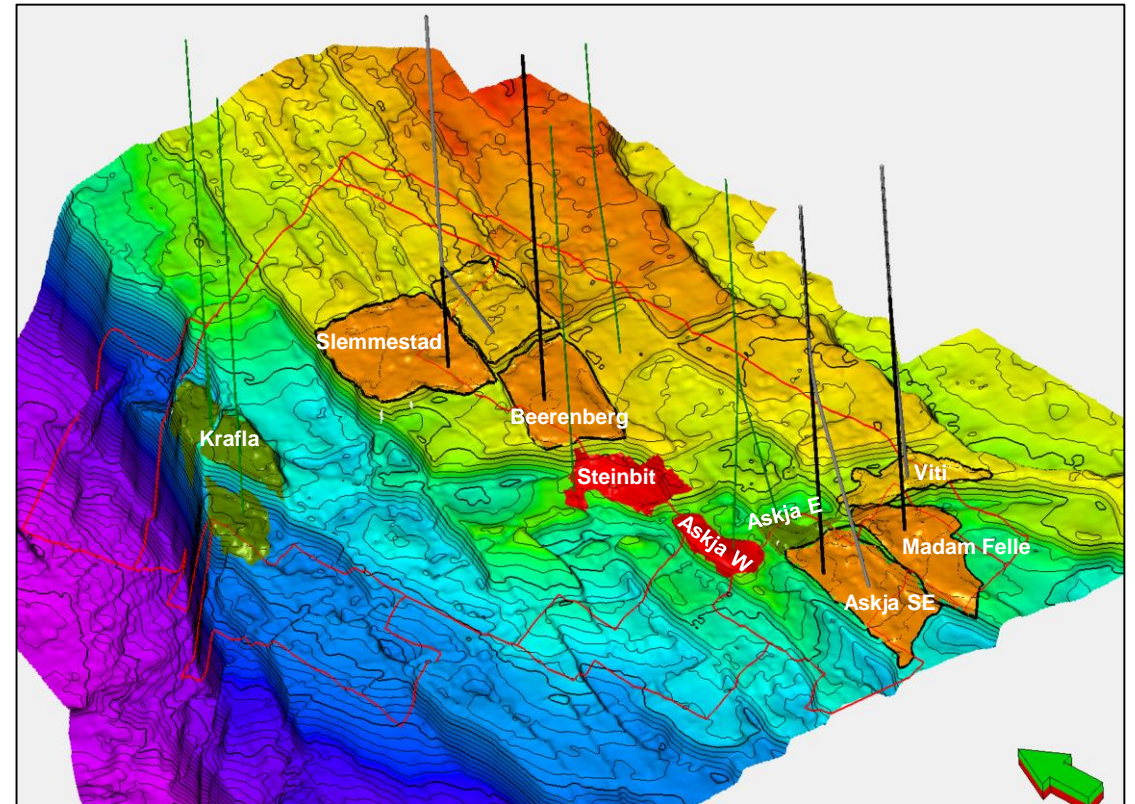
Drilling campaign in Krafla/Askja area ongoing

2016 drilling campaign

- Gross proven resources of 140 – 220 mmboe in PL035/272 prior to 2016 drilling campaign
- Minor oil discovery at Madam Felle (1-3 mmboe gross)
 - Viti side-track dry
- Askja SE spudded in April 2016

License	Prospect	Operator	DET NOR Share	Pre-drill mmboe*	Rig	Time
PL554B&C	Uptonia	Total	30%	11 - 38	Leiv Eriksson	Q1
	Madam Felle			20 - 49		
PL272/035	Askja SE	Statoil	50%	24 - 79	Songa Delta	Q2
	Beerenberg			13 - 46		
	Slemmestad			29 - 86		
PL626	Rovarkula	DET NOR	50%	8 - 79	Maersk Interceptor	Q3
PL533	Filicudi	Lundin	20%	24 - 146	Leiv Eriksson	Q3

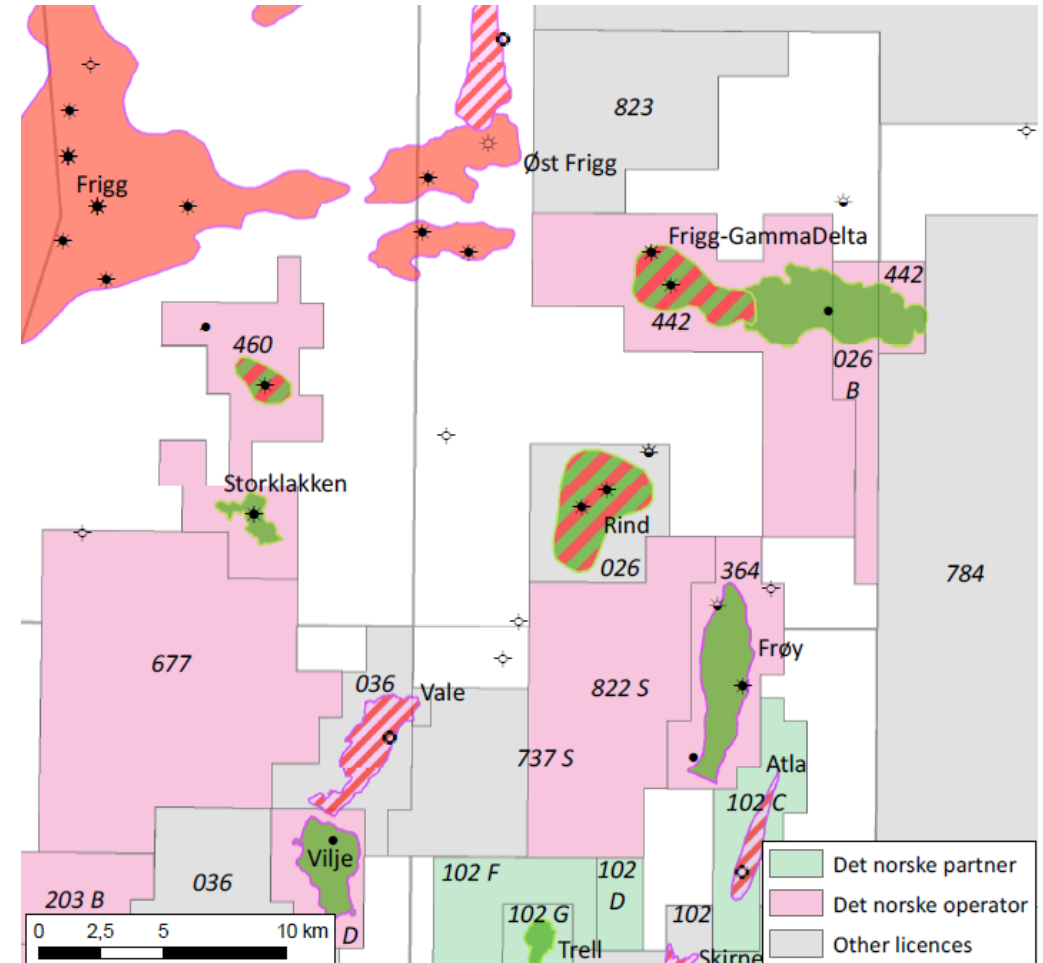
Map of Krafla/Askja area



GROWTH

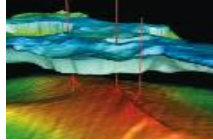
Strengthened position in the North of Alvheim area

- North of Alvheim* area holds gross mean contingent resources of 160-170 mmboe
- Further volume upside from exploration prospects in the area
- Acquisition of licenses from Centrica Resources Norge AS**
 - 30% in PL 442 + operatorship – Frigg Gamma Delta
 - 30% in PL026 – Rind
 - 30% in PL026B – Langfjellet
- Licenses add about 32 mmboe net to Det norske
- Det norske to cover expenses from 1. jan 2016
- Det norske has established an early-phase project to assess possible area development concepts



“Forward” improvement program progressing well

Exploration Effectiveness



Project Delivery



Operations Excellence



Drilling Performance



Supply Chain Management



Organizational Effectiveness



- A large number of improvement initiatives are being implemented to reduce expenditures and increase quality
 - Covering all disciplines - program sponsored by the CEO
 - Initiatives aim to reduce run-rate costs
- Ambition to sanction new stand-alone projects at break-even prices below 40 USD/boe
 - New project delivery model being piloted on new subsea tie-in projects on Alvheim
- Starting to see results from improvement initiatives
 - Exceptional drilling performance on Alvheim and Ivar Aasen
 - Lean implementation on Alvheim operations showing both cultural and quantifiable results
- Entire organization being trained in Lean methodologies and thinking to enhance the continuous improvement culture

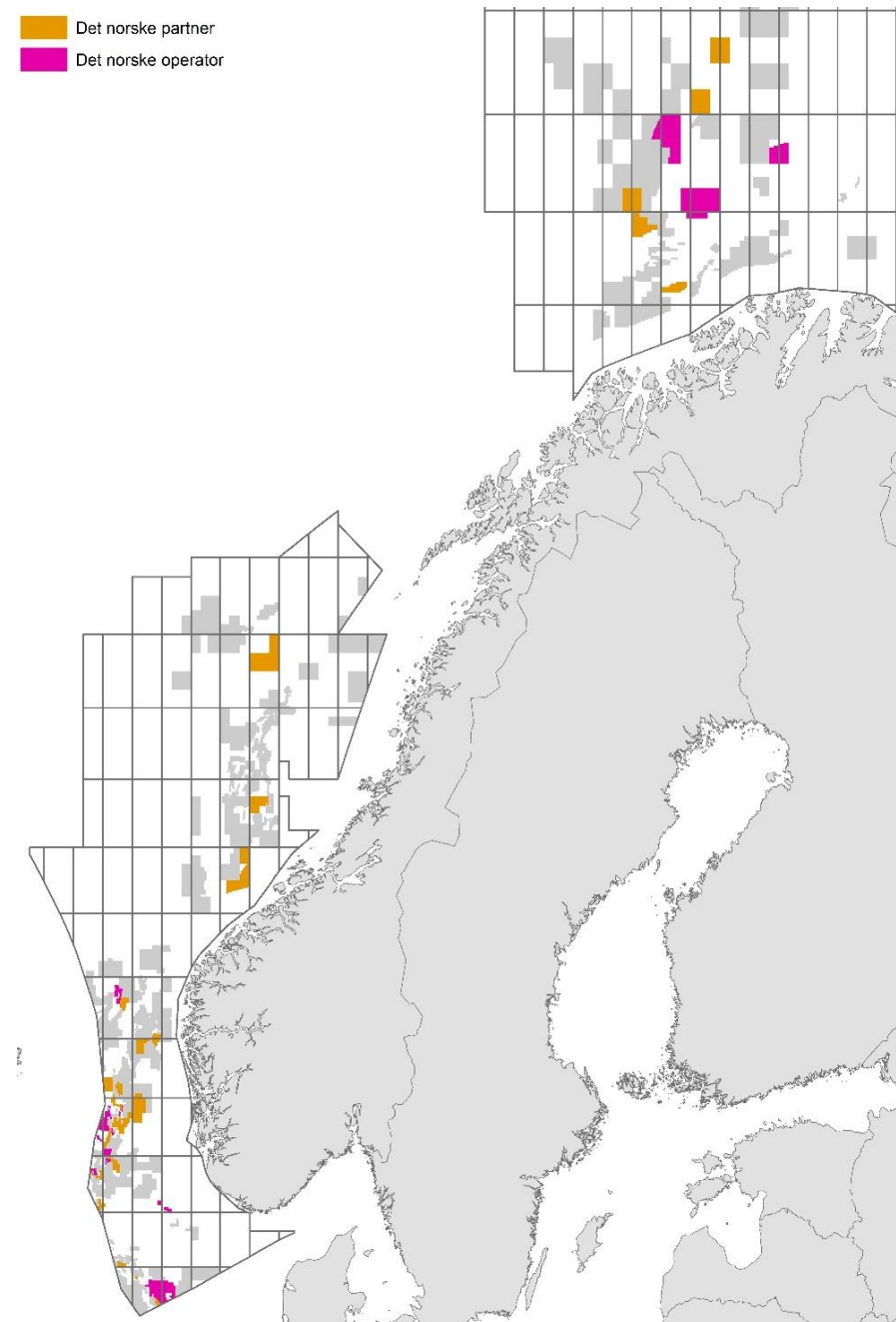
OUTLOOK

2016 guidance

Item	Guidance
2016 CAPEX	USD 925 – 975 million
2016 EXPEX	USD 160 – 170 million
2016 Production cost	USD 8 – 9 per boe*
2016 production	55 – 60 mboepd

Based on USD/NOK 8.8

■ Det norske partner
■ Det norske operator



OUTLOOK

Summary and outlook

■ Development projects

- Aasen topside heavy lift in July, first oil in December
- Johan Sverdrup drilling and construction
- First oil at BoaKamNorth in Q2, drilling of Kobra well

■ Financing

- Available liquidity of USD 1.23 billion
- Finalize discussions with bondholders

■ Improvement

- New project delivery model being piloted on new subsea tie-in projects on Alvheim



Saipem 7000 lifting module M00



DETNORSKE

www.detnor.no