

# Operations & Financial Update **First Quarter 2019**



Alex Schneider, President & CEO  
Teitur Poulsen, CFO  
2 May 2019



# First Quarter 2019 Highlights

## Strong Production

**78.8** Mboepd  
Upper end of guidance range

## Low Operating Costs

**4.51** USD/boe  
5% below guidance

## Financially Strong

95.8 MUSD free cash flow  
**500** MUSD dividend <sup>(1)</sup>

## Johan Sverdrup On Track

Phase 1 **>85%** complete  
First oil expected **Nov 2019**

## Execution of New Projects

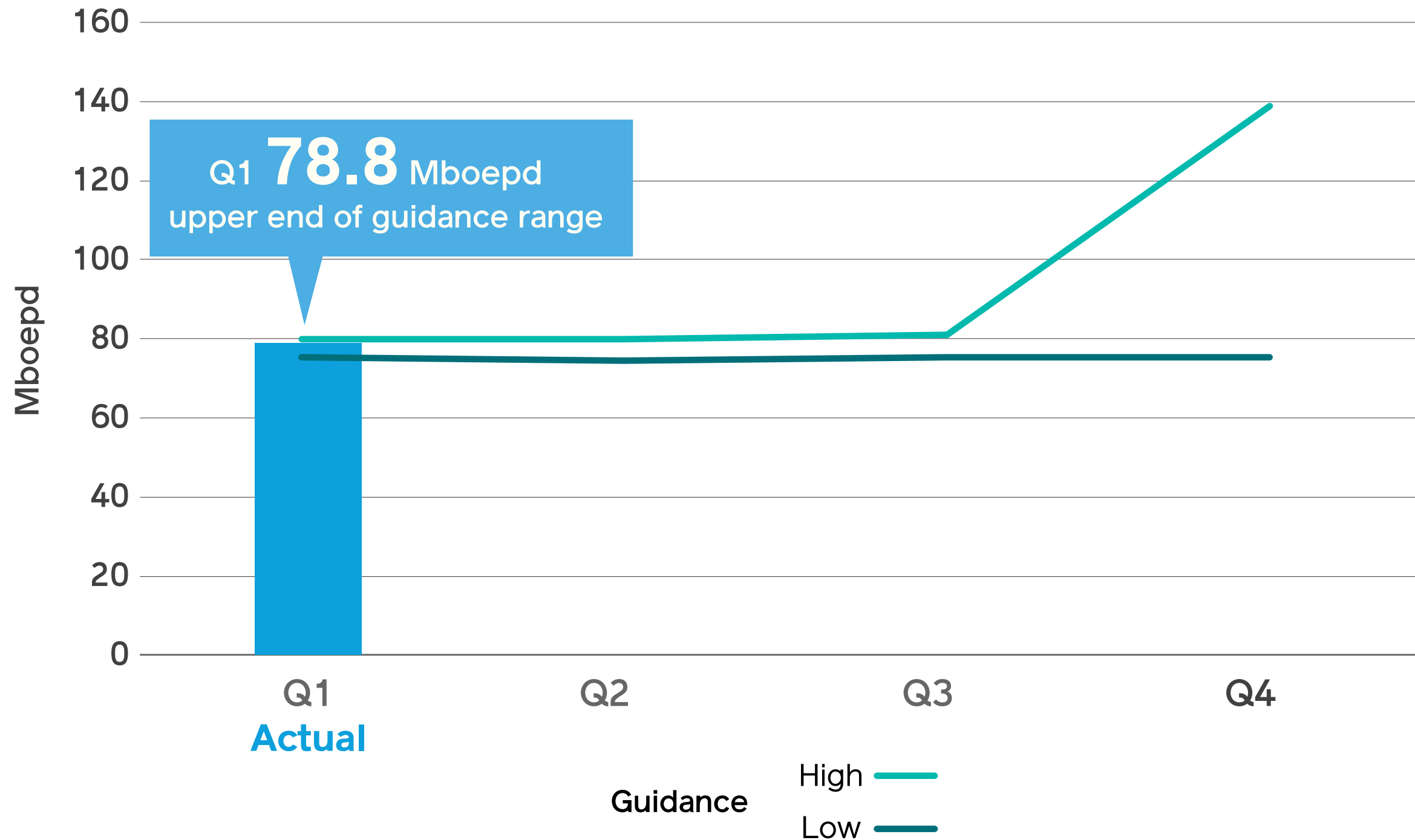
**7** potential new developments  
**4** projects under way

## Active Exploration Programme

**17** wells in 2019  
**4** wells drilled in Q1 - **1** discovery

<sup>(1)</sup> 2018 dividend of 500 MUSD was approved by the AGM in Q1

# Lundin Petroleum 2019 Production



**75–95** Mboepd  
Full year guidance

Delivering guidance or better for  
**15** Quarters Running

# Lundin Petroleum

## Industry Leading Operating Performance

### Production Efficiency

**99%** Edvard Grieg <sup>(1)</sup>

**97%** Alvheim Area <sup>(1)</sup>

### Operating Costs

**4.51**

USD/boe <sup>(1)</sup>

Third of North Sea average

Full year guidance

**4.25**

USD/boe

### Carbon Intensity

Edvard Grieg

**4.5** CO<sub>2</sub>e kg/boe <sup>(1)</sup>

Quarter of world average

<sup>(1)</sup> First quarter 2019

# Greater Edvard Grieg Area

## Keeping the Facilities Full in the Long-term

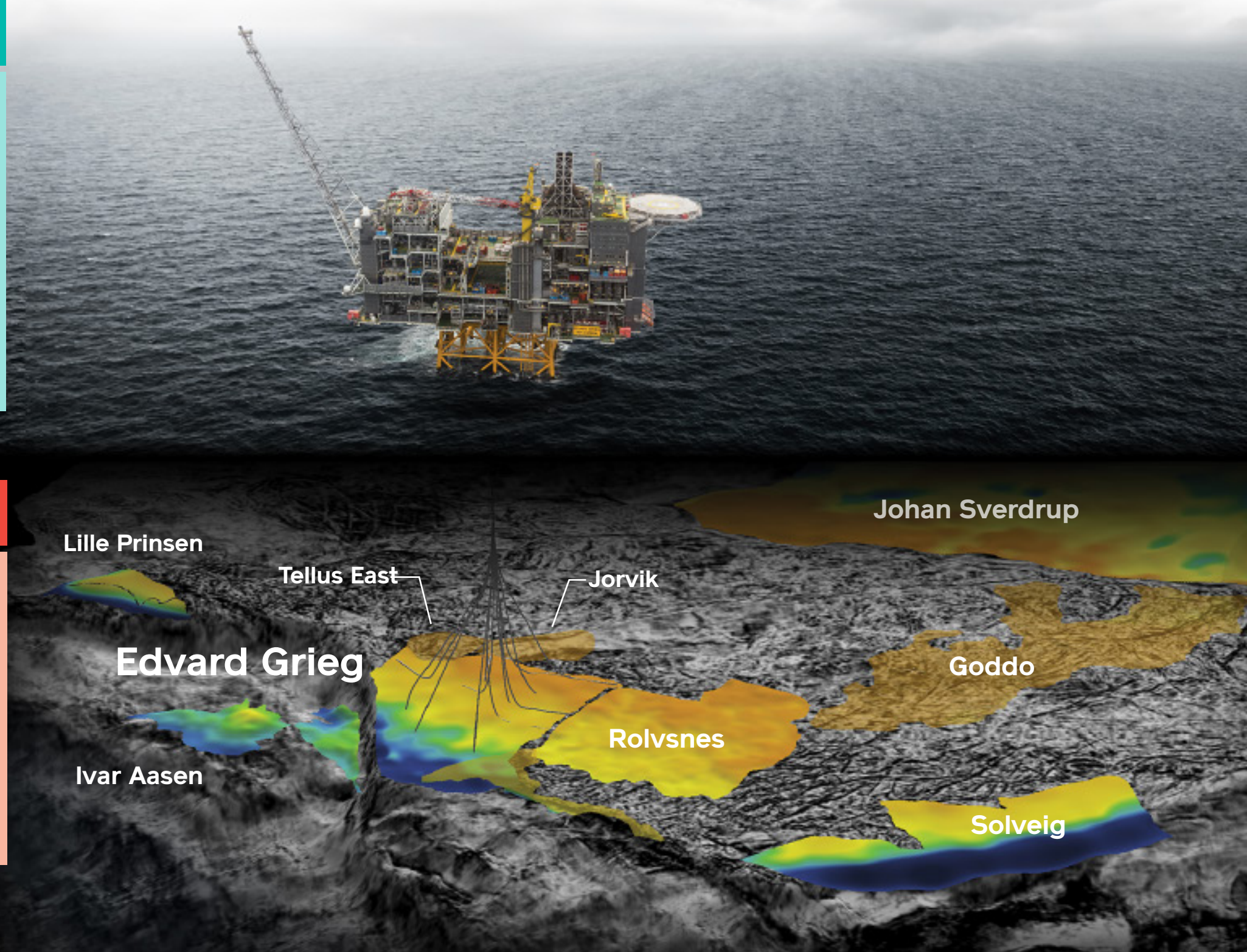
### Edvard Grieg

- Reservoir performance continues to exceed expectations
  - Limited water production
- Infill drilling programme sanction Q3 2019
  - 3 firm infill wells targeting 16 MMboe<sup>(1)</sup>
- Updated reservoir model in preparation

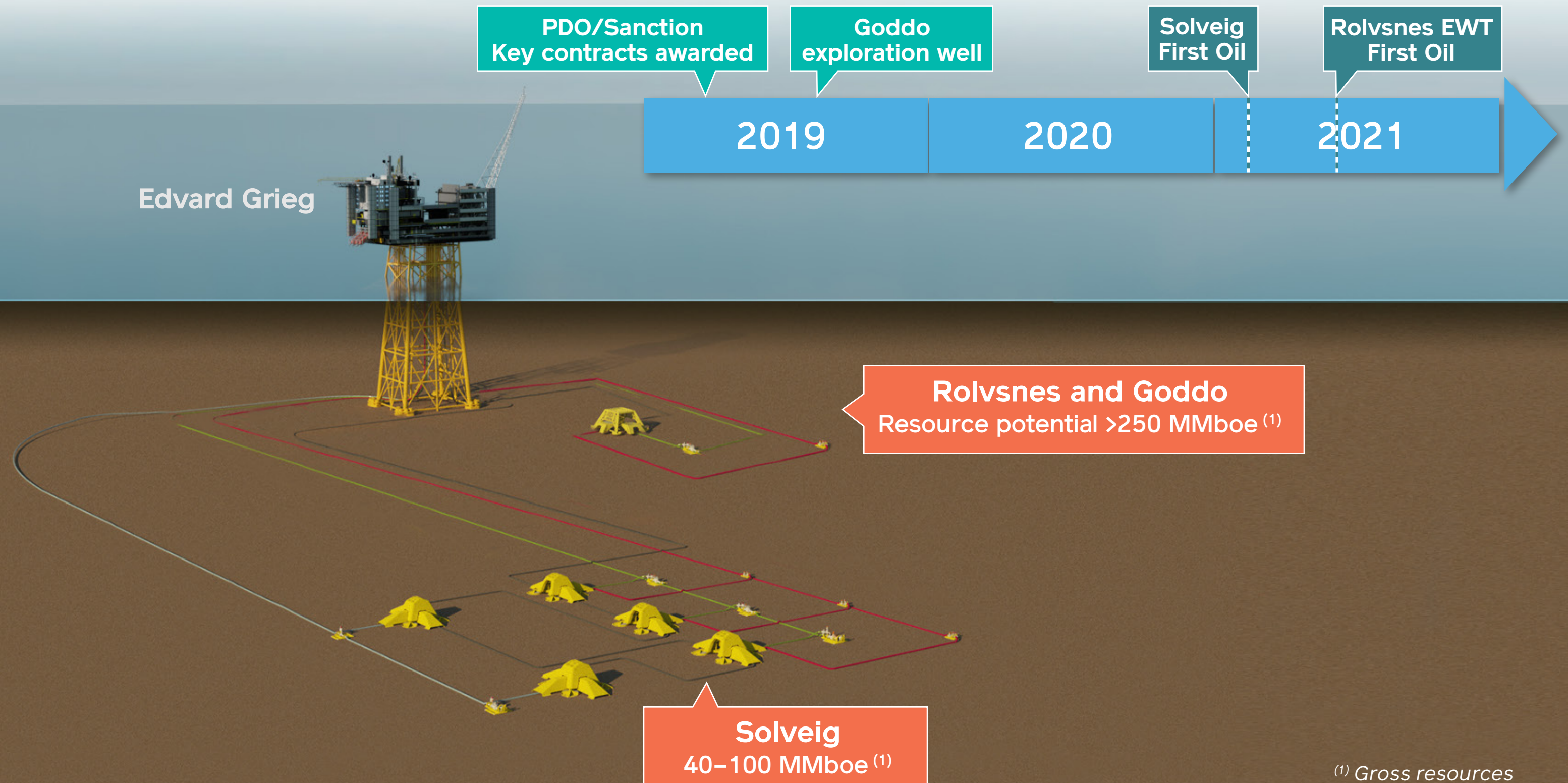
### Area Growth Opportunities

- Solveig Phase 1 and Rolvsnes EWT sanctioned
- 3 E&A wells in 2019
  - Jorvik/Tellus East expl. well currently drilling
  - Goddo exploration well - Q3 2019
  - Lille Prinsen appraisal well - Q3 2019

<sup>(1)</sup> Gross contingent resources



# Solveig Phase 1 and Rolvsnes EWT Project Sanctions



<sup>(1)</sup> Gross resources

# Alvheim Area Continue to Add Resources

Frosk area potential >200 MMboe <sup>(1)</sup>

Alvheim FPSO



Frosk test producer currently drilling  
- production start Q3 2019

Froskelår Main discovery  
60-130 MMboe <sup>(1)</sup>

Frosk discovery  
30-60 MMboe <sup>(1)</sup>

Rumpetroll exploration  
well 2019

Volund Infill North  
completed - production  
start Q2 2019

Bøyla

Boa

Alvheim

Gekko

Viper

Kobra

Volund



<sup>(1)</sup> Gross resources

# Johan Sverdrup

## A World Class Project

### GROSS RESOURCES

↑ **2.2–3.2** billion boe  
(PDO 1.7 – 3.0 billion boe)

### PRODUCTION CAPACITY

Phase 1  
First oil Nov 2019  
**440** Mbopd

Full Field  
First oil Q4 2022  
**660** Mbopd

### BREAK EVEN PRICE

Full Field  
**<20** USD/boe

### GROSS CAPEX <sup>(1)</sup>

↓ Phase 1  
PDO 123 Bn NOK  
Current **86** Bn NOK <sup>(3)</sup>

↓ Phase 2  
PDO 85 Bn NOK <sup>(2)</sup>  
Current **41** Bn NOK



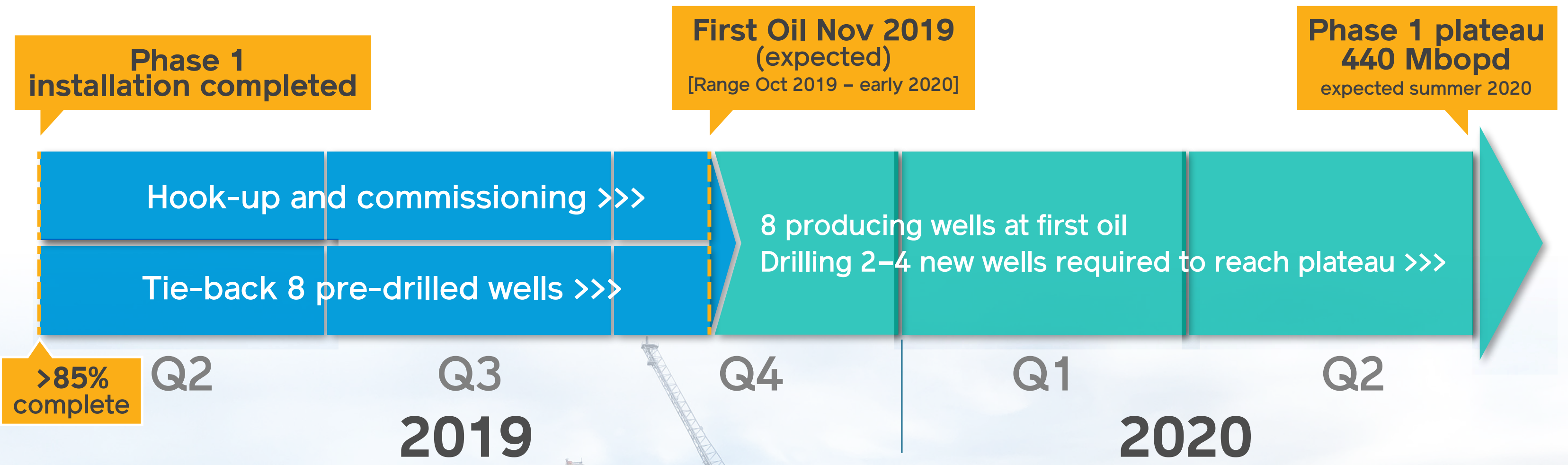
### Working Interest – Johan Sverdrup Unit

Equinor	40.0267%
Lundin	22.6000%
Petoro	17.3600%
Aker BP	11.5733%
Total	8.4400%

<sup>(1)</sup> Nominal, fixed currency  
<sup>(2)</sup> Original PDO  
<sup>(3)</sup> As at August 2018



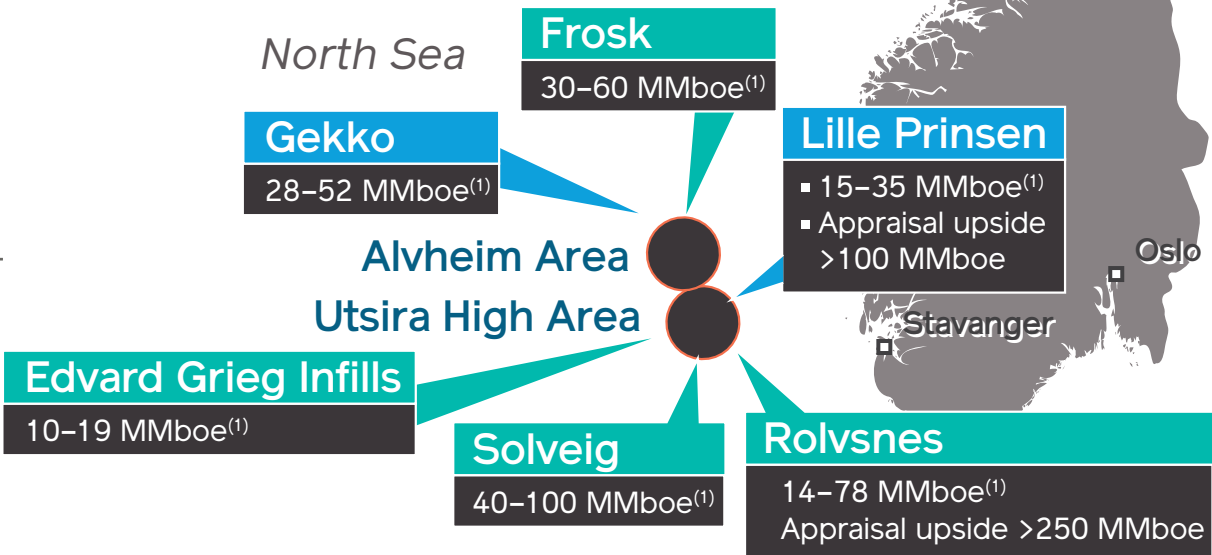
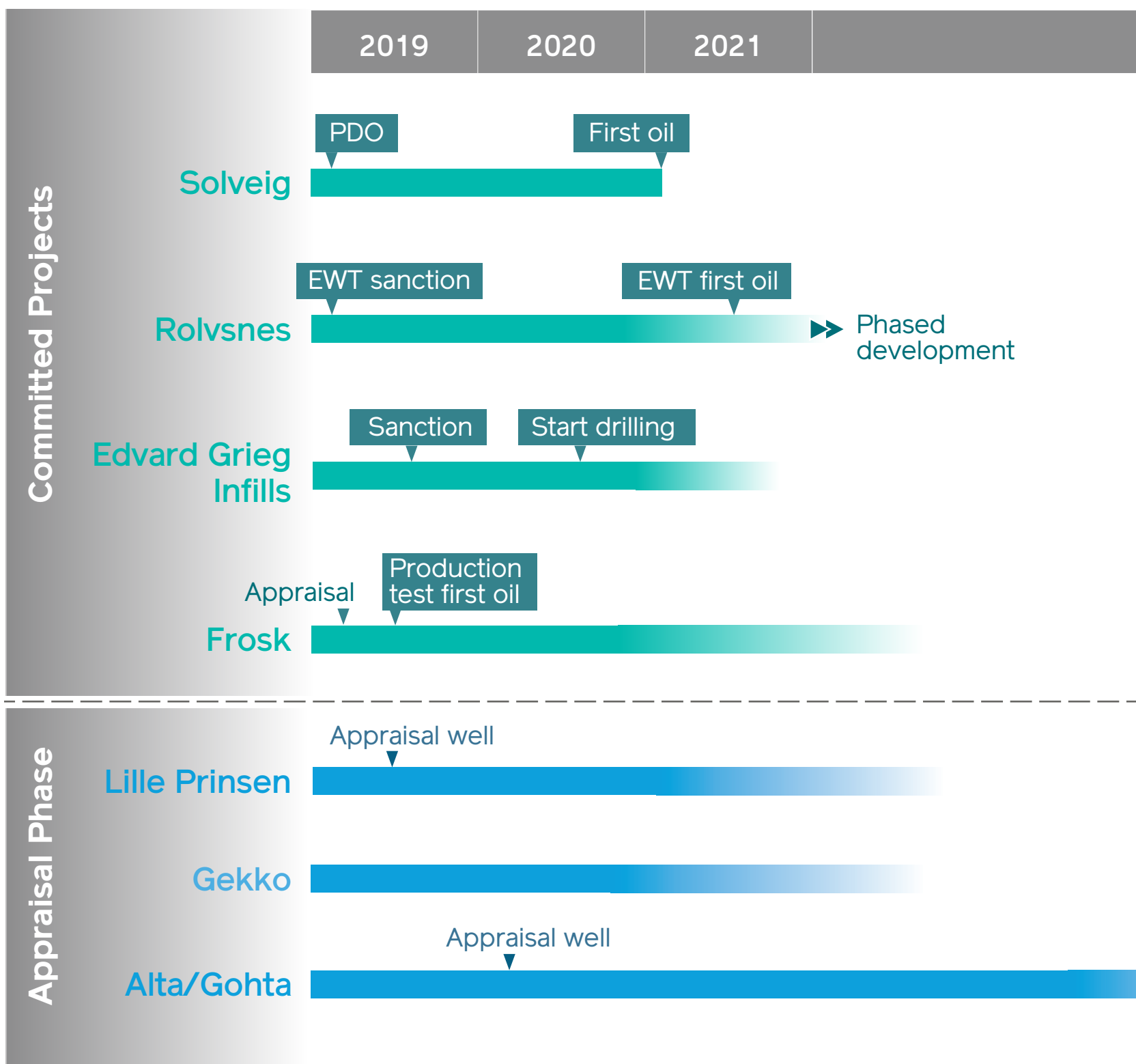
# Johan Sverdrup Phase 1 Main Offshore Installation Complete



WF12538\_p07\_04.19

# Lundin Petroleum Pipeline of New Projects

7 potential new projects targeting **105–350 MMboe** net resources <sup>(2)</sup>

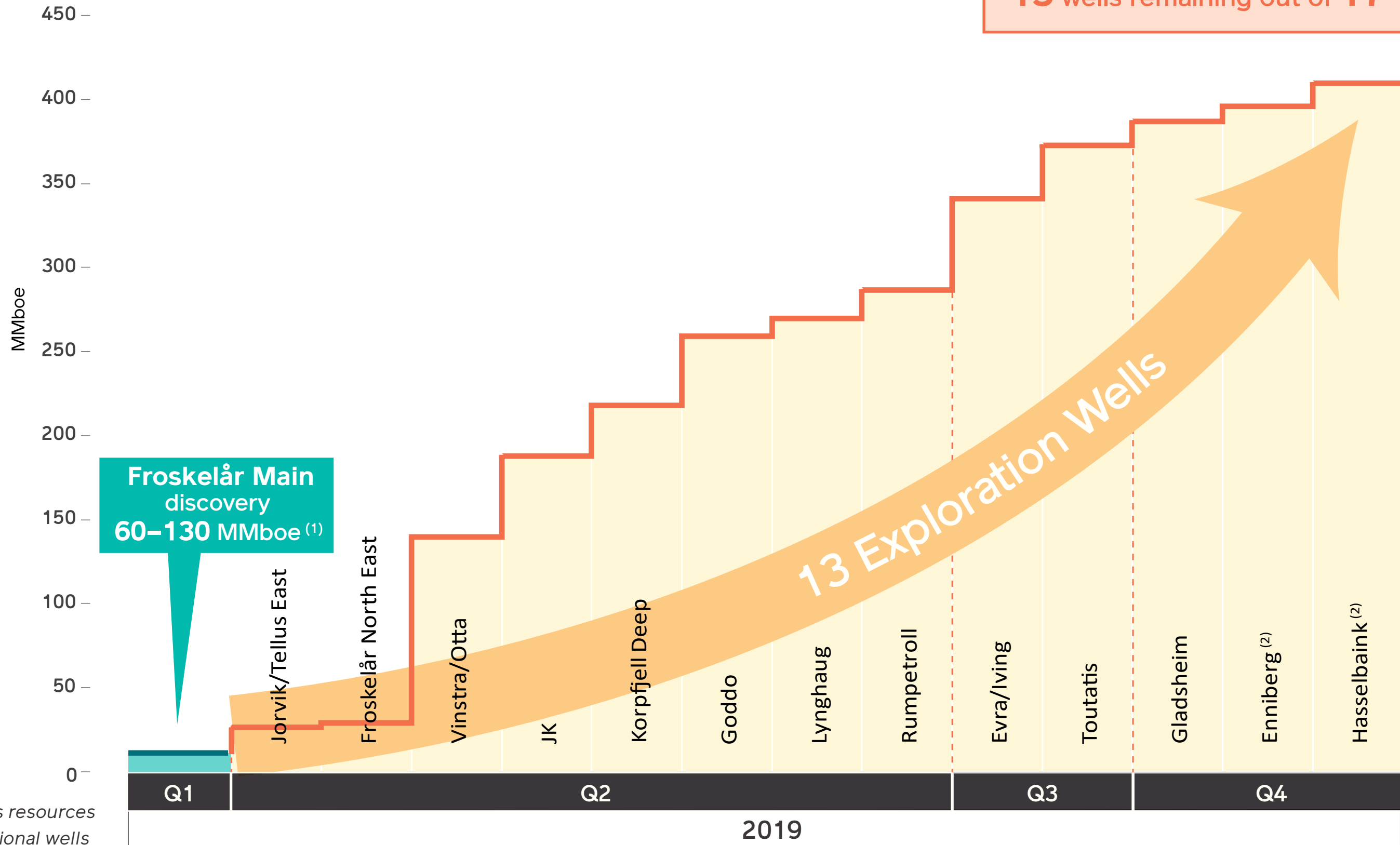


<sup>(1)</sup> Operator estimate of gross resources  
<sup>(2)</sup> Net contingent resources plus prospective resources

# Lundin Petroleum 2019 Exploration Programme

Targeting >400 MMboe  
net unrisked resources

13 wells remaining out of 17



(1) Gross resources  
(2) Additional wells

# First Quarter 2019

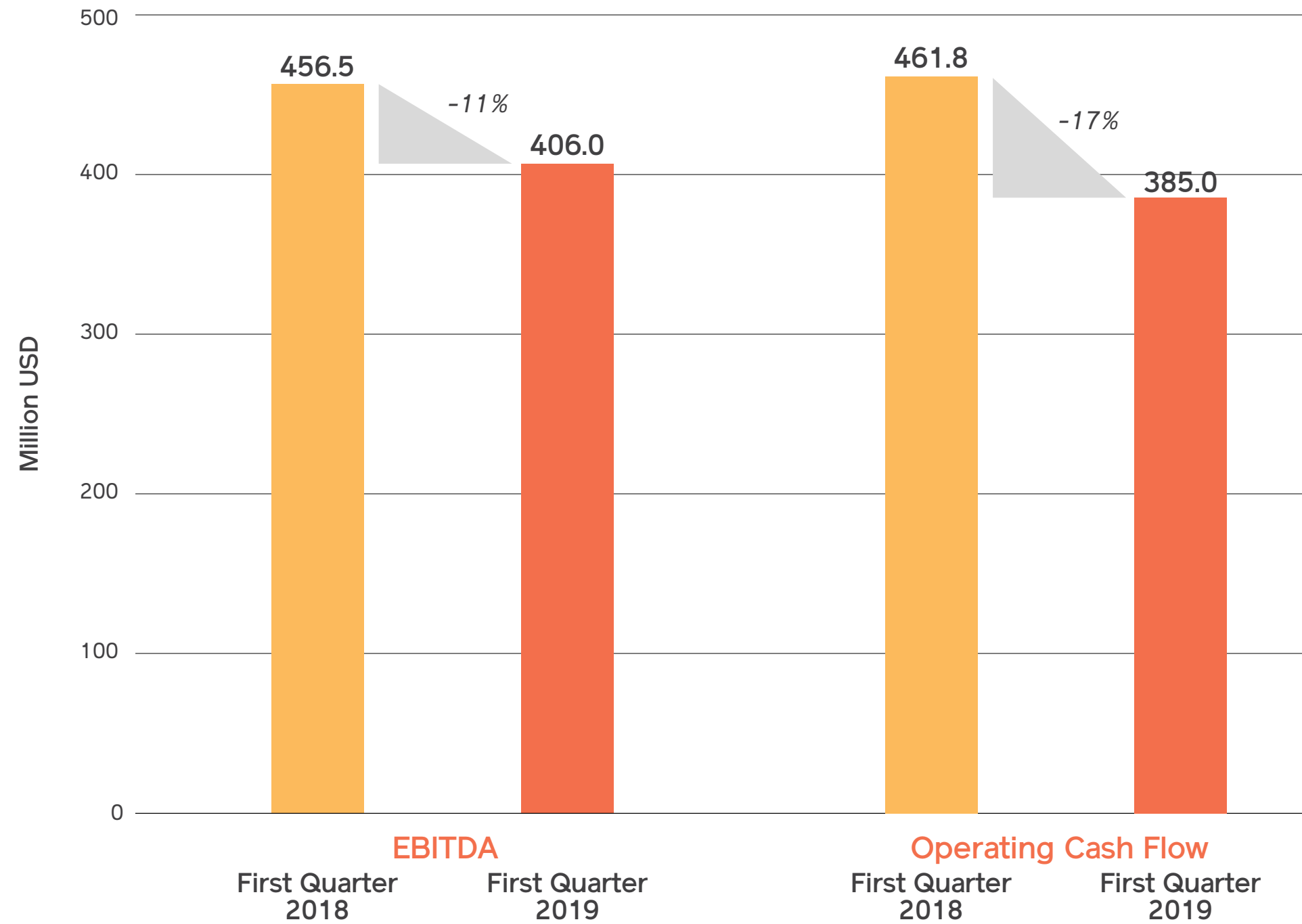
## Financial Highlights

	First Quarter 2019
Production (boepd)	78.8
Average Brent oil price (USD/boe)	63.13
Operating costs (USD/boe)	4.51
Operating cash flow (MUSD)	385.0
EBITDA (MUSD)	406.0
Free cash flow (MUSD)	95.8
Net result (MUSD)	54.9

# First Quarter 2019

## EBITDA and Operating Cash Flow

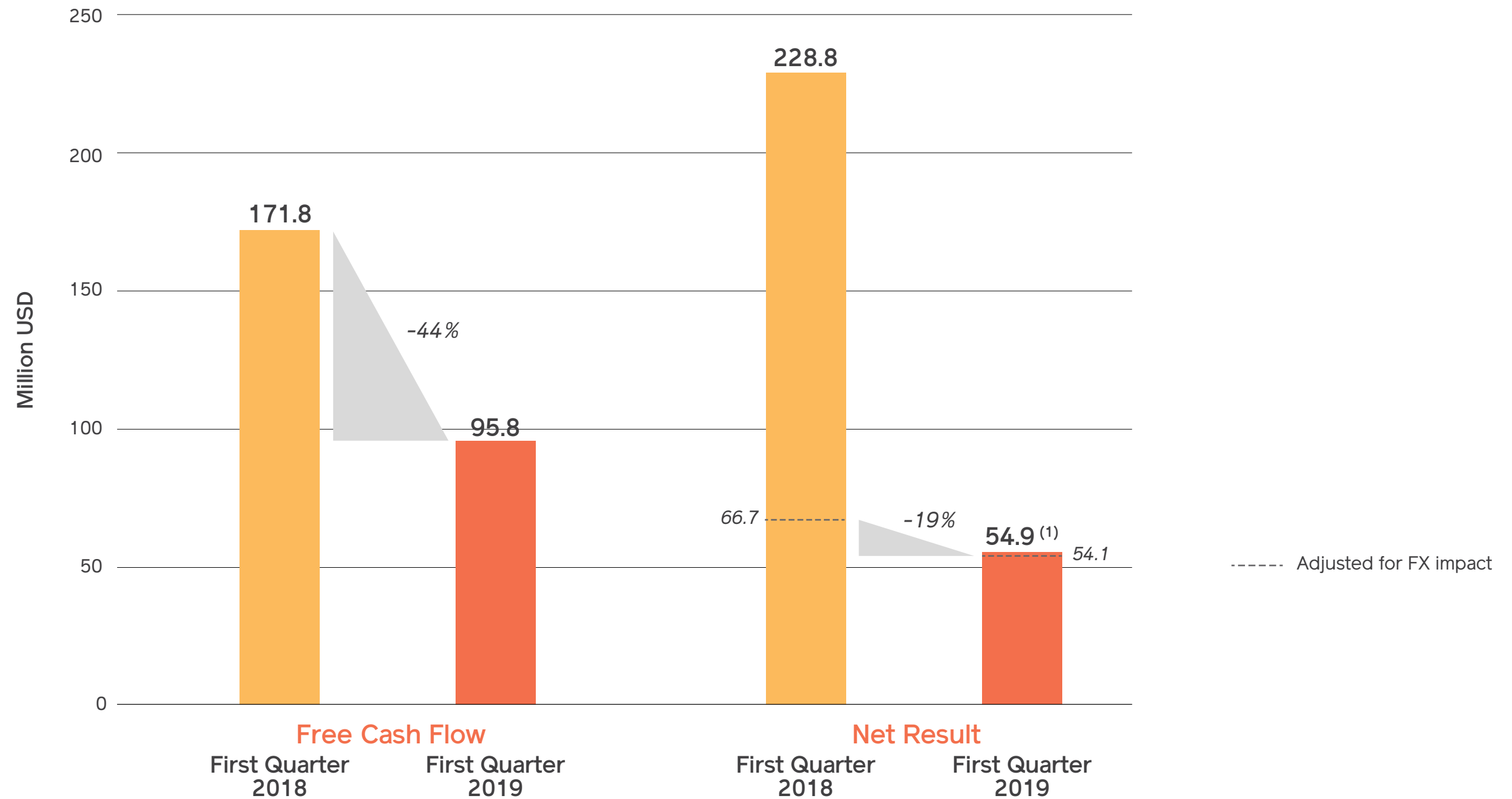
	Q1-18		Q1-19		Q1-18		Q1-19	
Price USD/boe	64.53		60.88	-6%				
Production boepd	83,100		78,800	-5%				
					0.3		26.4	Current tax charge MUSD



# First Quarter 2019

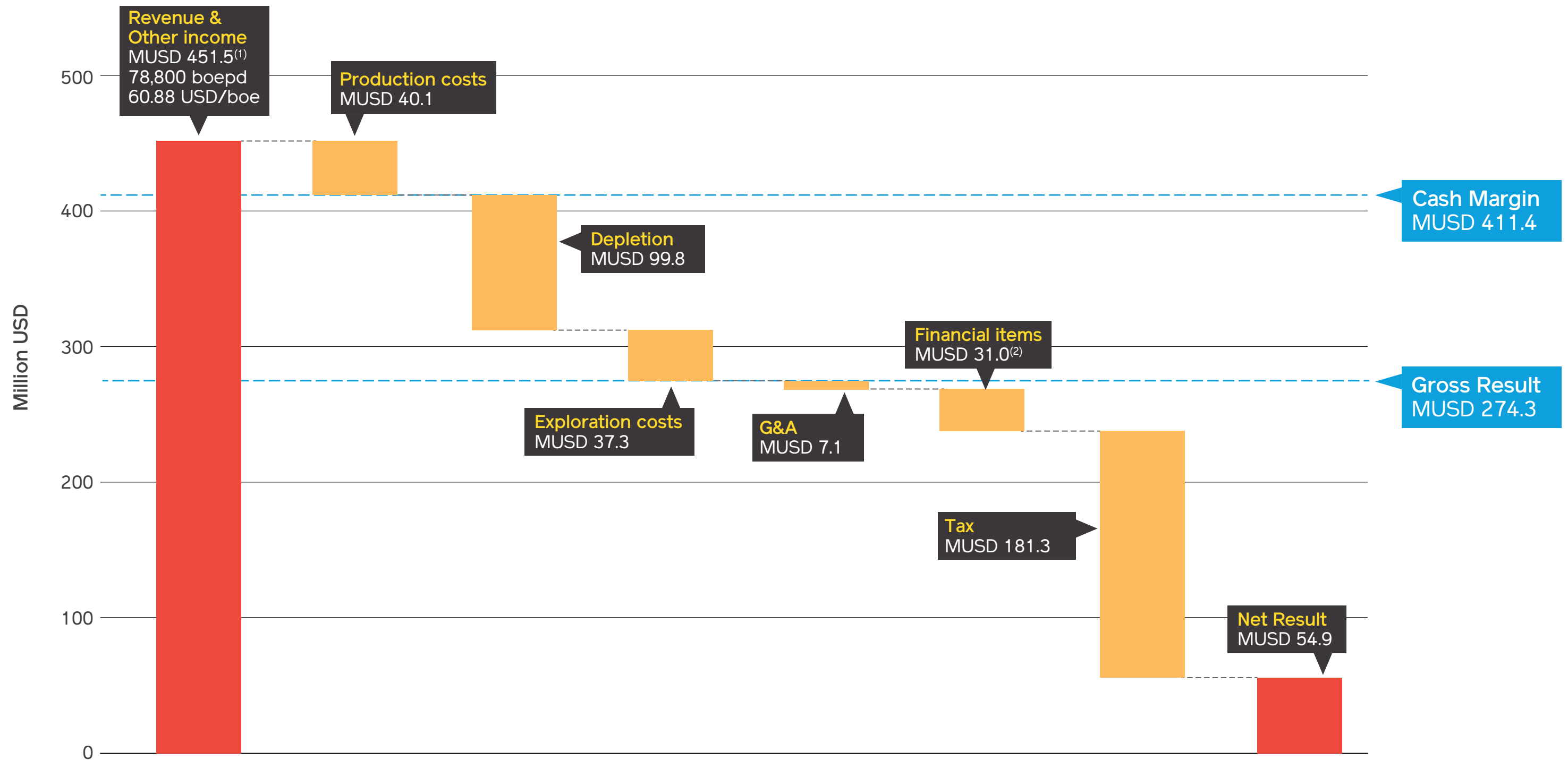
## Free Cash Flow and Net Result

	Q1-18	Q1-19
Cash flow from operating activities	402.6	345.8
Cash flow from investing activities	-230.8	-250.0



<sup>(1)</sup> Includes decrease in net foreign exchange gain compared to First Quarter 2018 of MUSD 161.3

# First Quarter 2019 Income Statement



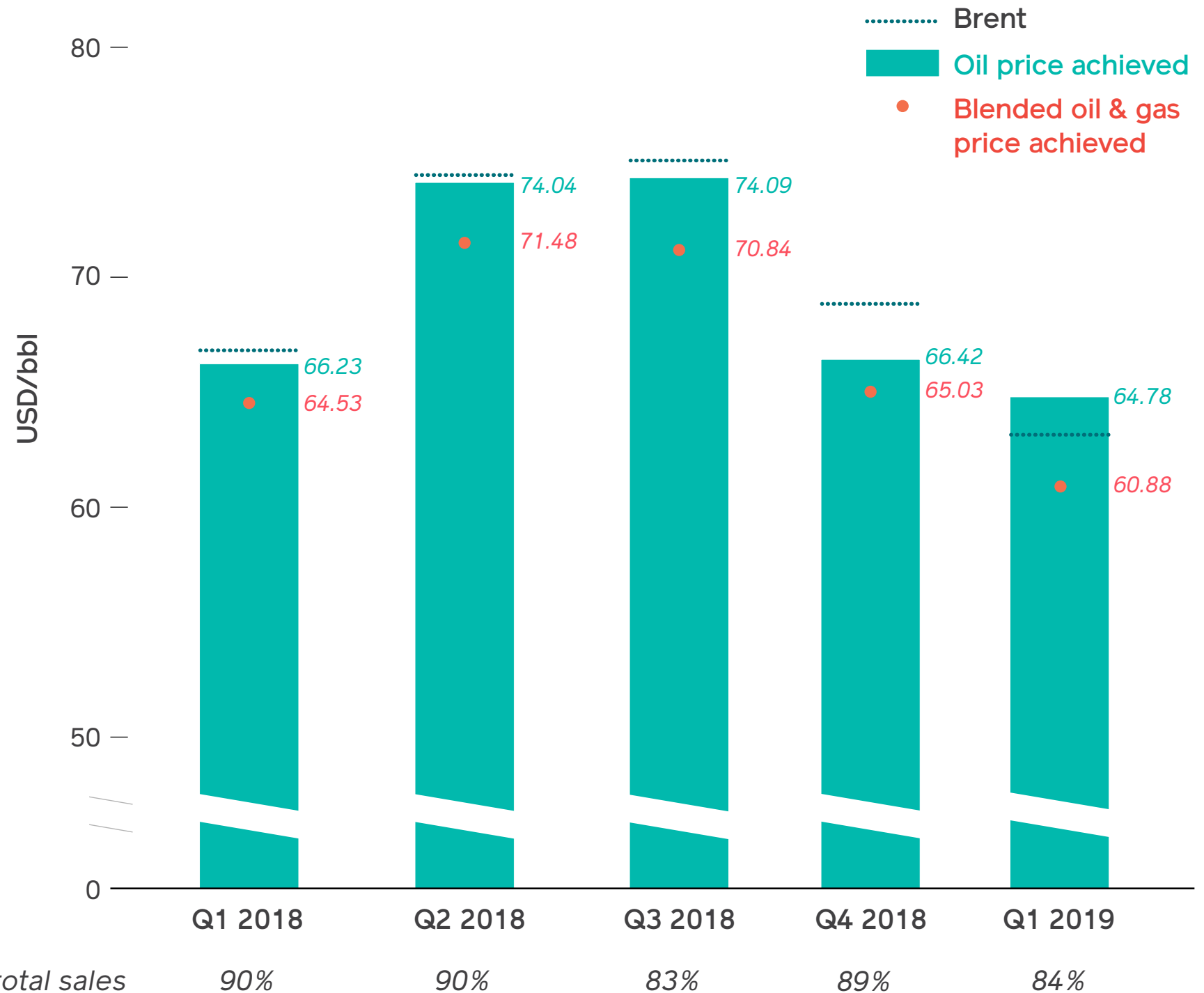
<sup>(1)</sup> Revenue and other income includes changes in under/overlift positions and excludes revenue from third party activities

<sup>(2)</sup> Financial items includes MUSD 0.2 share in result associated company

# First Quarter 2019 Realised Prices

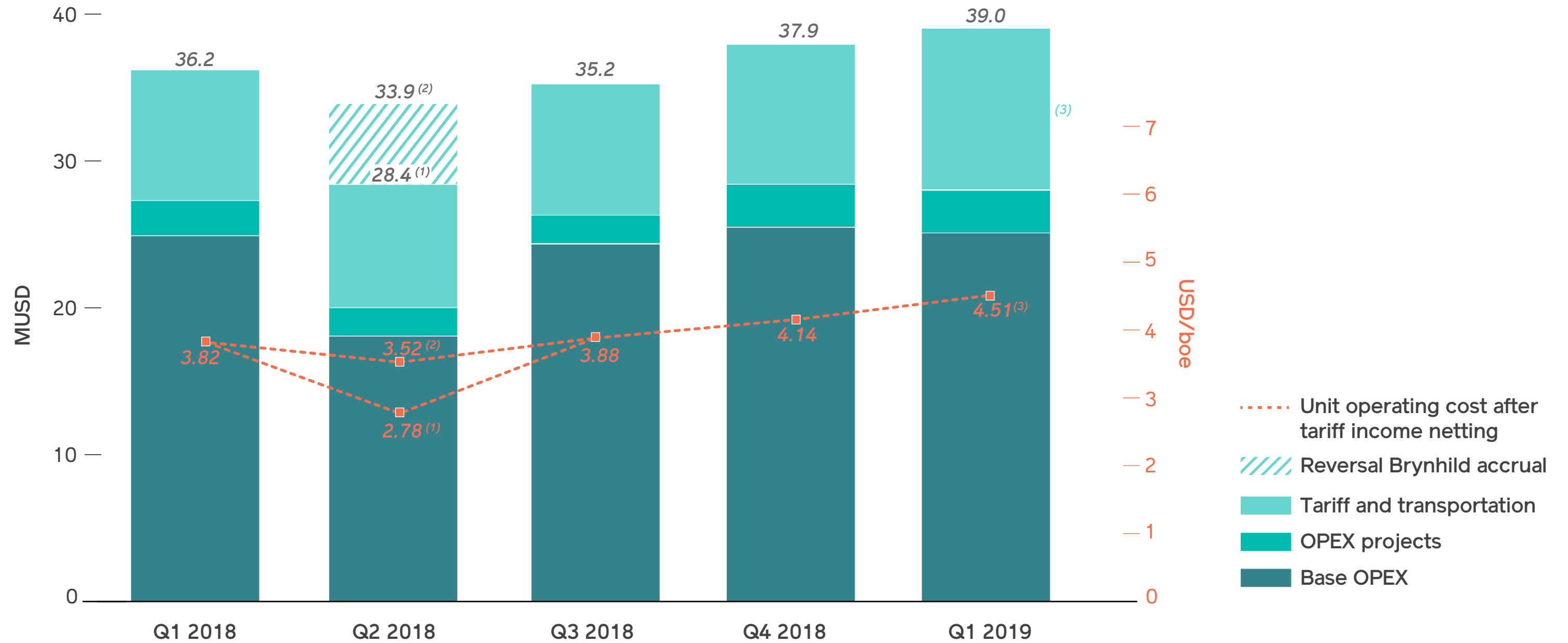
## ➤ Higher realised oil price

- ➔ Strong demand for Grane blend - discount to Brent narrowed
- ➔ Positive impact from timing of liftings
- ➔ Changed sales arrangement of Alvheim crude





# First Quarter 2019 Operating Costs



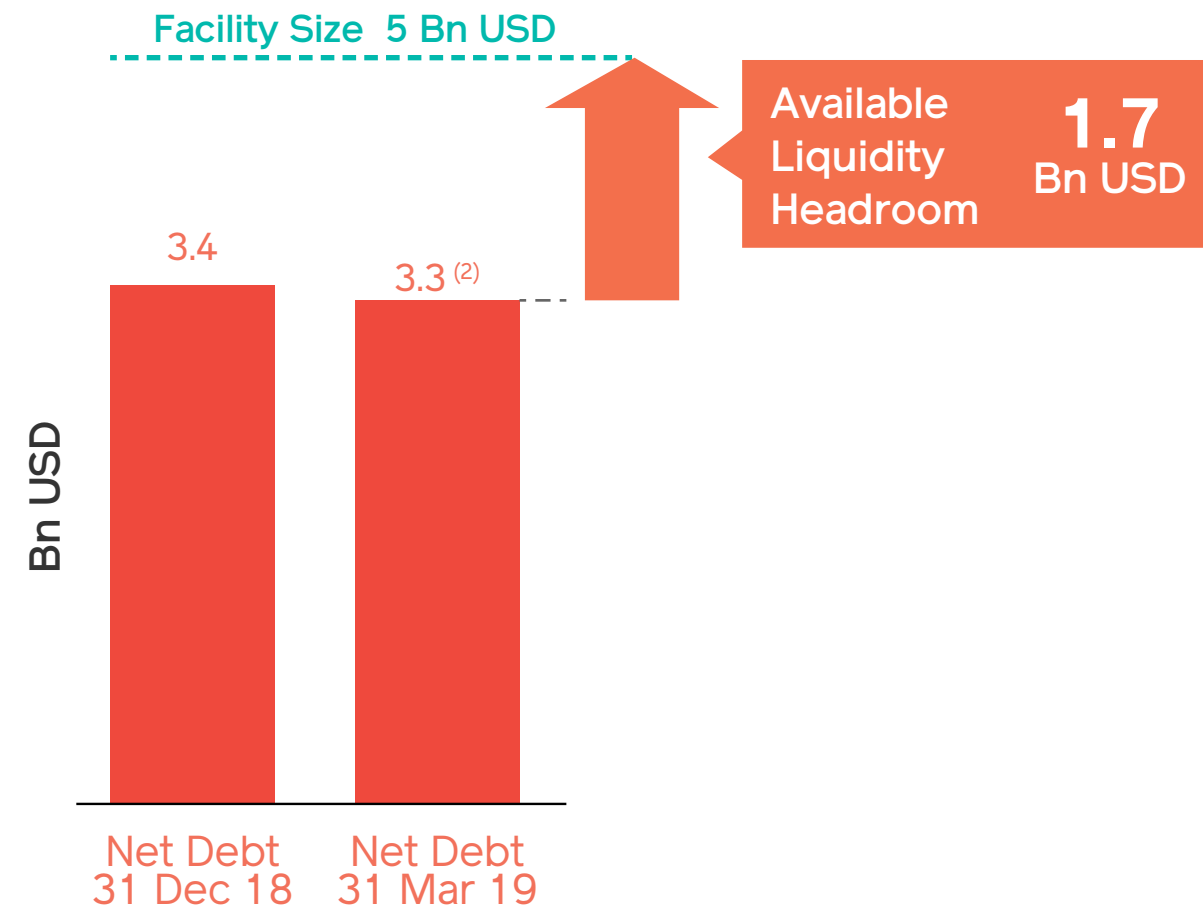
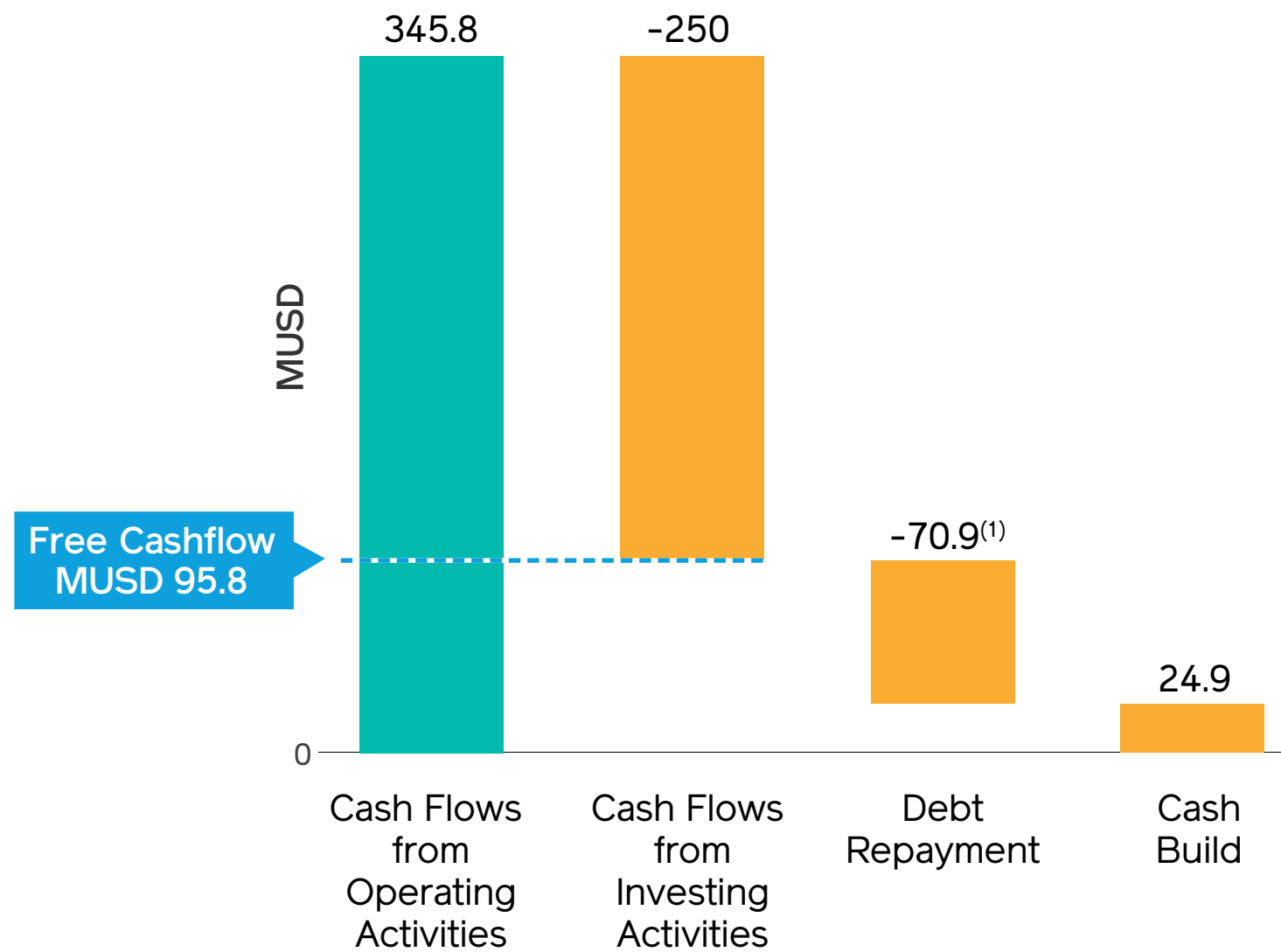
<sup>(1)</sup> Includes the reversal of an accrual from the Brynhild field of MUS\$ 5.5

<sup>(2)</sup> Excludes the reversal of an accrual from the Brynhild field of MUS\$ 5.5

<sup>(3)</sup> Includes MUS\$ 0.9 or 0.13 USD/boe costs as a result of changed sales arrangement Alveim crude

# First Quarter 2019

## Cash Flow, Debt Position and Liquidity



<sup>(1)</sup> Includes MUSD 0.9 reduction in lease commitments

<sup>(2)</sup> Excludes MUSD 36.1 relating to lease commitments under IFRS16

# Lundin Petroleum

## 2019 Guidance

	CMD	
Production Guidance (Mboepd)	75–95	No change to original guidance
Operating costs (USD/boe)	4.25	
CAPEX (MUSD)	930	
E&A Expenditure (MUSD)	300	

# Lundin Petroleum

## Dividends

- ➔ 2018 dividend of MUSD 500 approved by AGM on 29 March 2019
- ➔ Dividend schedule - quarterly payment

Dividend Distribution	Ex-dividend Date	Expected Payment Date
~MUSD 125 (3.43 SEK/share) <sup>(1)</sup>	1 April 2019	5 April 2019
~MUSD 125	2 July 2019	8 July 2019
~MUSD 125	1 October 2019	7 October 2019
~MUSD 125	2 January 2020	9 January 2020

<sup>(1)</sup> Converted into SEK with exchange rate as of 27 March 2019

Average Annual  
Free Cash Flow of  
**1 billion USD** <sup>(2)</sup>  
at 60 USD/bbl Brent

<sup>(2)</sup> Free Cash Flow before dividends and excluding working capital movement, except for cash taxes (50/50 in year N and N+1)  
Brent 2019 with 2% inflation per annum  
2P Reserves + Solveig + Rolvsnes EWT  
E&A spend of MUSD 250 pa except for 2019 when it is MUSD 300  
Period 2019 – 2026

# Lundin Petroleum

## Industry Leading Value Creation

Industry leading  
low carbon footprint

Sustainable and  
growing dividend

Significant, long-term free  
cash flow generation

Delivering on our  
organic growth strategy

Leading production  
growth trajectory



# Disclaimer

## Forward-Looking Statements

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable securities legislation). Such statements and information (together, "forward-looking statements") relate to future events, including the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and/or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities. Ultimate recovery of reserves or resources are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations and assumptions will prove to be correct and such forward-looking statements should not be relied upon. These statements speak only as on the date of the information and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, operational risks (including exploration and development risks), production costs, availability of drilling equipment, reliance on key personnel, reserve estimates, health, safety and environmental issues, legal risks and regulatory changes, competition, geopolitical risk, and financial risks. These risks and uncertainties are described in more detail under the heading "Risks and Risk Management" and elsewhere in the Company's annual report. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. Actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements are expressly qualified by this cautionary statement.

# Lundin

Petroleum



[www.lundin-petroleum.com](http://www.lundin-petroleum.com)