

Operations & Financial Update
First Six Months 2020

Q2

Alex Schneider, President & CEO
Teitur Poulsen, CFO
29 July 2020



First Six Months 2020 Highlights

Production above Guidance

Coronavirus Crisis
No disruption to production

Record quarterly production
162.9 Mboepd in Q2

Record low quarterly operating costs
2.37 USD/boe in Q2

8 potential new projects
Targeting **>120** MMboe⁽²⁾
accelerated by tax incentives

FCF Positive
from oil and gas operations in Q2⁽¹⁾

Response to Low Oil Price
>850 MUSD
liquidity improvement⁽³⁾

⁽¹⁾ Pre-dividend

⁽²⁾ Net resources

⁽³⁾ Includes cost reductions, deferrals, reduced dividend and additional corporate debt facility and tax incentives

Main Focus

Safeguarding well-being of our people
Minimise risk to operations

Mitigating Actions

Detailed contingency plans

Normal Offshore Activity Resumed

No disruption to production

Some Project Deferrals

No impact on production guidance



Lundin Energy

Resilient to Low Oil Prices

High Quality, Low Cost Assets

Industry Leading Low Operating Costs

Low Cash Flow Breakeven

~15 USD/boe
(average for next 7 years)

Improved Liquidity
>850 MUSD in 2020

Cost Reductions and Deferrals in 2020

>300 MUSD⁽¹⁾

Additional Corporate Debt Facility

340 MUSD

Dividend Reduction

-45%

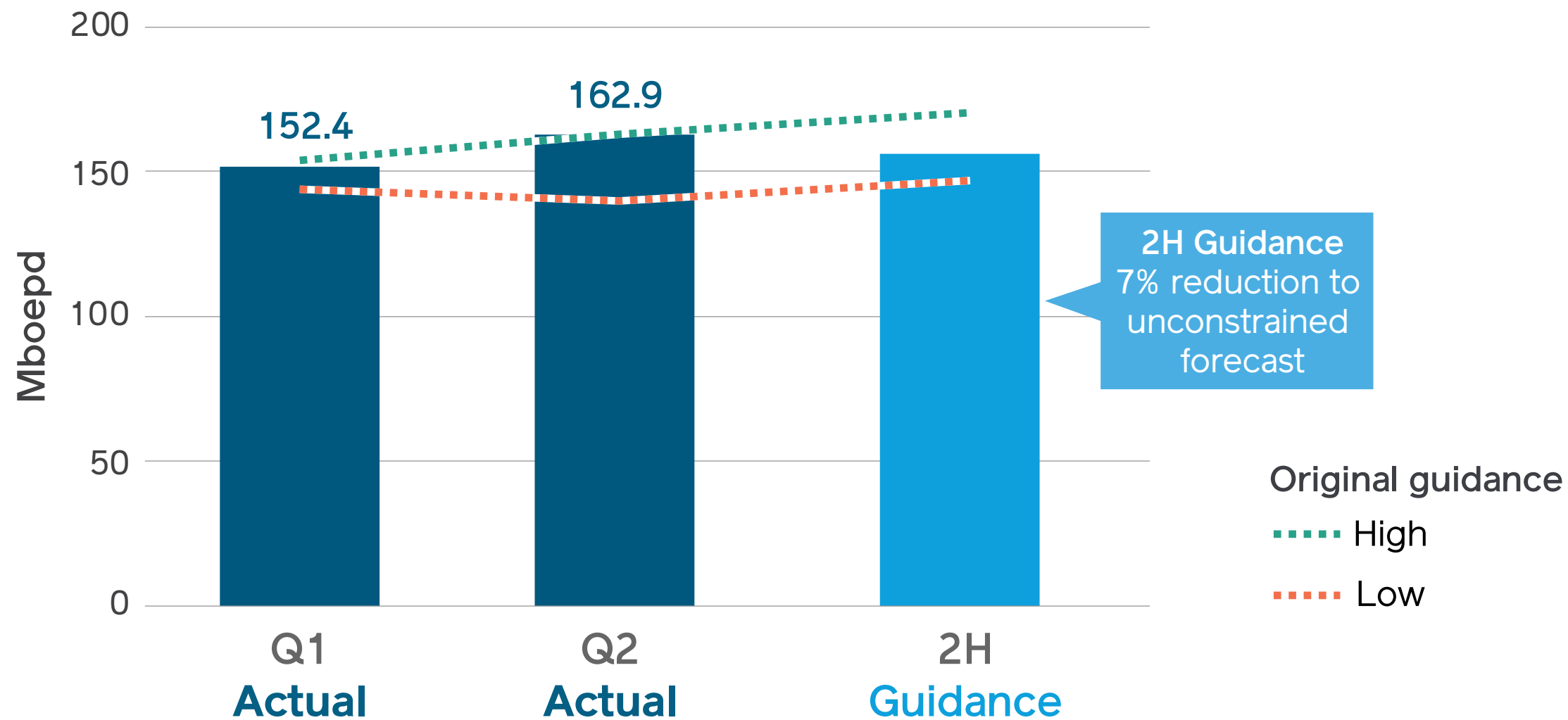
Liquidity improvement
from tax incentives

⁽¹⁾ Pre-tax

Lundin Energy 2020 Production

First half **157.7** Mboepd
Upper end of original guidance range

Full year guidance
Targeting 157 Mboepd
production restrictions imposed from
June to December 2020



Delivering guidance or better for **20** quarters running

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Industry Leading Operating Performance

Production Efficiency⁽¹⁾

99% Edvard Grieg

99% Alvheim Area

91% Johan Sverdrup

Operating Costs⁽²⁾

| | | |
|----|-------------|-----------------------------------|
| Q2 | 2.37 | Full year guidance 2.80 |
| 1H | 2.78 | |

Quarter of North Sea average

Carbon Intensity

2.8
kg CO₂/boe⁽¹⁾

Full year guidance

<4
kg CO₂/boe

Approximately one fifth of world average

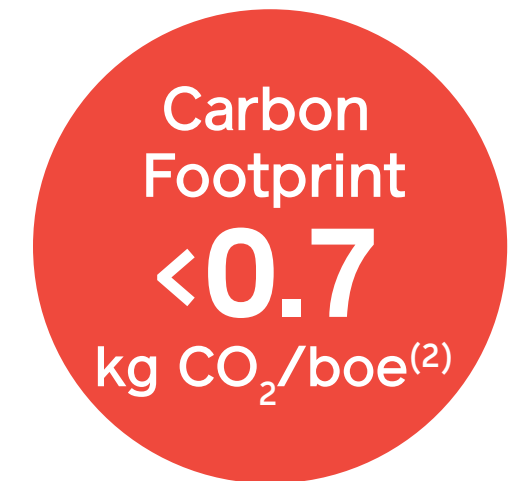
⁽¹⁾ First six months 2020

⁽²⁾ USD/boe

Johan Sverdrup

In a League of its Own

Phase 2
Progressing
to schedule



| GROSS RESERVES | | PRODUCTION CAPACITY | | PHASE 2 ON TRACK | | BREAK EVEN PRICE |
|----------------|---|-----------------------------|--------------------------------|--|-----------------------------|-------------------------------------|
| ↑ | 2.2–3.2 billion boe (PDO 1.7 – 3.0 billion boe) | Phase 1 470 Mbopd | Full Field 690 Mbopd | ↓ Capex PDO 85 Bn NOK ⁽¹⁾ Current 41 Bn NOK | First Oil Q4 2022 | Full Field <20 USD/boe |

⁽¹⁾ Original PDO ⁽²⁾ Life of field ⁽³⁾ First six months 2020

Johan Sverdrup Phase 1

Performance Above Expectations

Increased Plateau

470 Mbopd

Achieved in April 2020
ahead of schedule

Reservoir Performance

Excellent

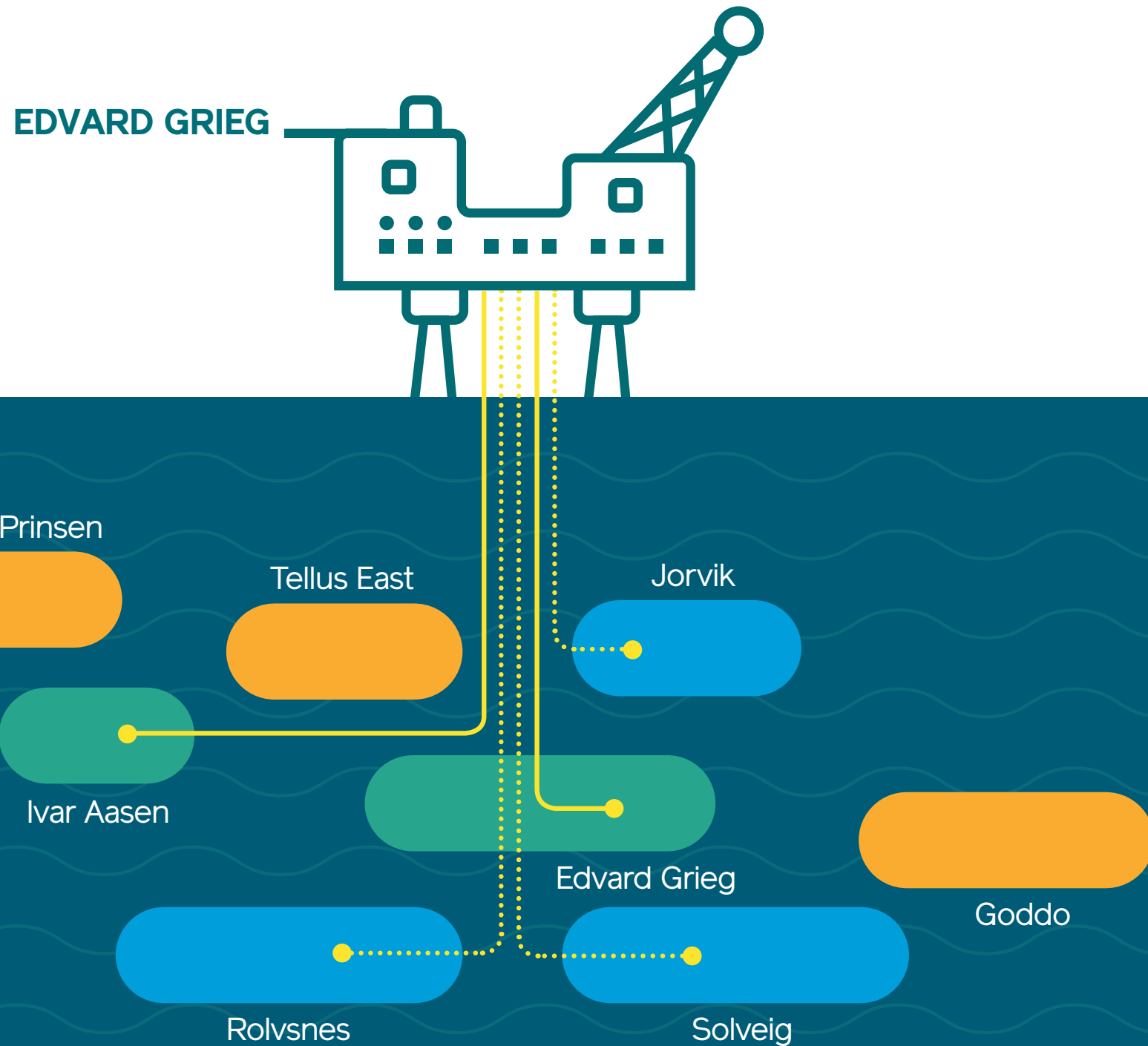
Further
capacity **upsides**
to be tested in 2H

11 wells producing
Well capacity exceeding
facilities capacity

Greater Edvard Grieg Area

Keeping the Facilities Full in the Long-term

OPEX⁽¹⁾
3.26
 USD/boe



Edvard Grieg

Reserves increase and plateau extension anticipated

- Supported by reservoir outperformance and 4D seismic

- Planned shutdown in Q3 2020 to take advantage of excess production capacity
- Infill drilling programme to start in Q2 2021
- Full power from shore project ongoing

Area Growth Opportunities

- Solveig first oil Q3 2021
- Rolvsnes EWT first oil Q3 2021
- Merckx exploration well Q4 2020

⁽¹⁾ First six months 2020, fully netted

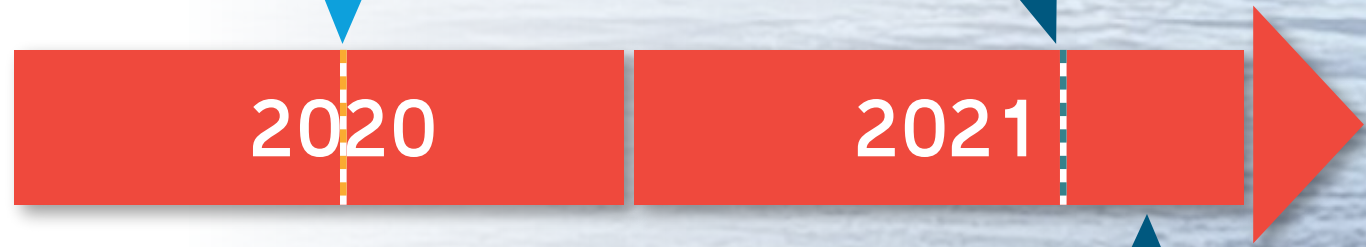
Greater Edvard Grieg Area Solveig Phase 1 and Rolvsnes EWT

Solveig Development
40–100 MMboe⁽¹⁾
Breakeven oil price **<30 USD/bbl**

Rolvsnes
14–78 MMboe⁽¹⁾

Solveig >40% complete
Rolvsnes EWT ~65% complete

Q3 2021
Rolvsnes EWT
First Oil
Solveig First Oil

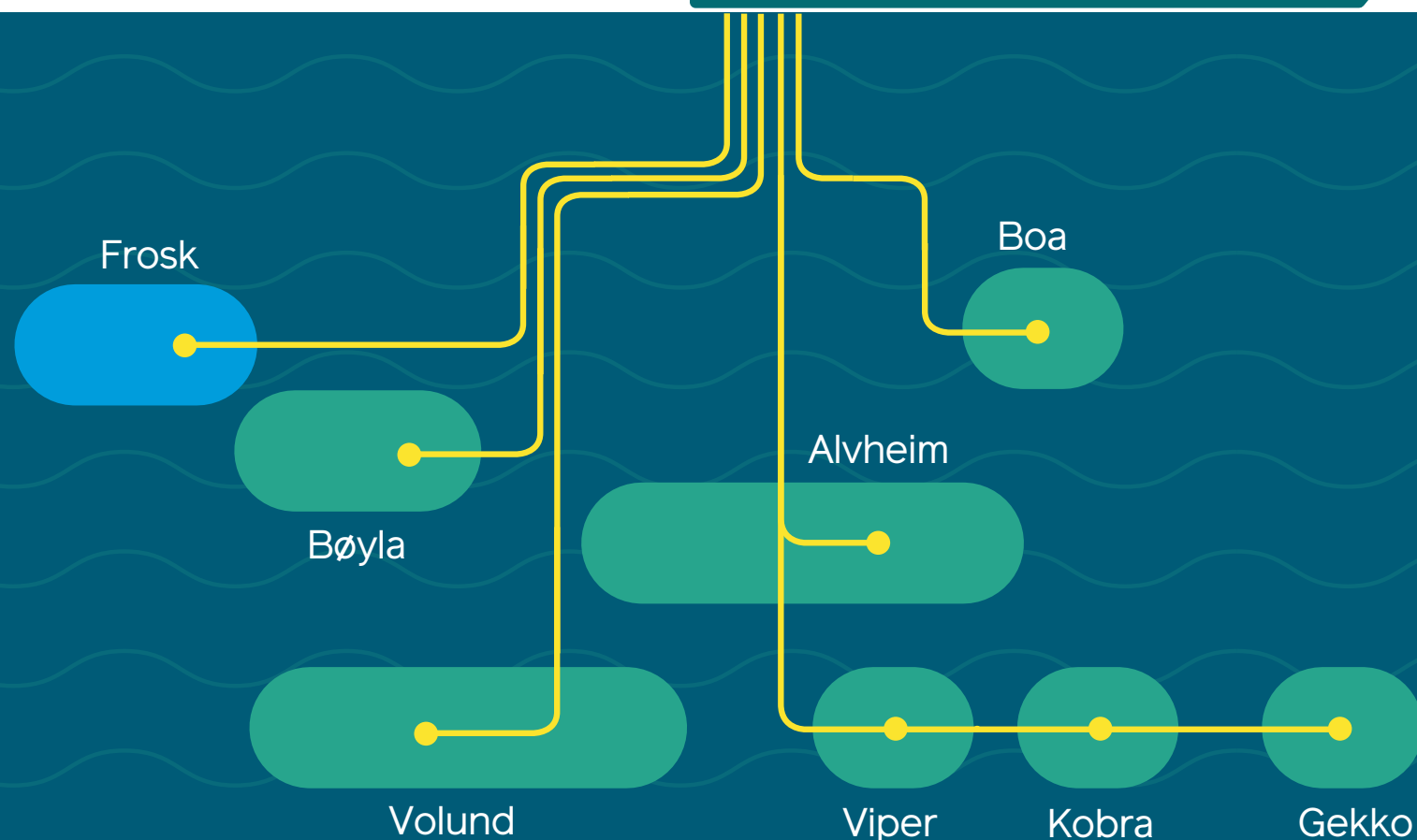


Solveig Plateau Production
30 Mboepd⁽²⁾



Alvheim Area Sustaining Production

OPEX ⁽¹⁾
6.76
USD/boe



- Planned shutdown in Q3 2020
- 2 infill wells in 2020
- Frosk and Kobra East/Gekko developments - project sanctions mid 2021

⁽¹⁾ First six months 2020

Lundin Energy Organic Growth

4 projects underway

8 potential new projects
targeting **>120** MMboe⁽¹⁾
accelerated by tax incentives

2020 E&A Programme

7 wells

3 drilled – **1** discovery

Remaining **4** wells targeting
>350 MMboe⁽²⁾

⁽¹⁾ Net resources

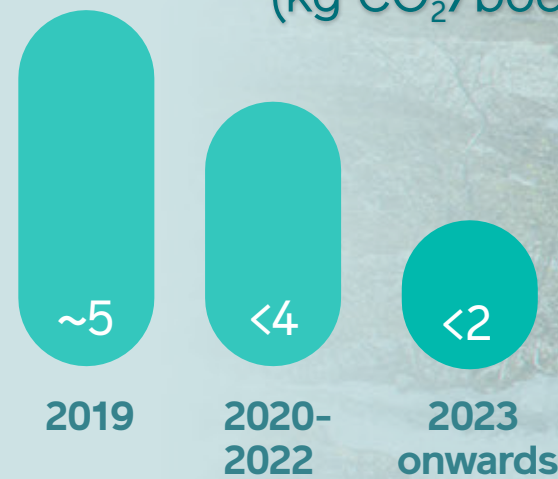
⁽²⁾ Net unrisks resources

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Decarbonisation Strategy

Industry Leading Ambitions

Lundin Energy's carbon intensity
(kg CO₂/boe)



Target
**Carbon
Neutral
2030**
(operational emissions)

Renewables Investments (replacing power usage)

- **Metsälamminkangas (MLK) windfarm**
 - Project on track for first power early 2022
- **Leikanger Hydropower**
 - Deal closed June 2020
 - First power on schedule in June 2020, performance ahead of expectations

First Six Months 2020 Financial Highlights

Record Production & Sales Volume in Q2

Sales Volume: **172** Mboepd
Liftings: **21** oil cargoes

Costs in Q2

Record low opex: **2.37** USD/boe
Oil & Gas capex/E&A: **221** MUSD
Renewable capex: **47** MUSD

Significant Cash Flow Generation

CFFO 6M: **898** MUSD
FCF ⁽¹⁾ 6M: **382** MUSD
FCF ⁽¹⁾ Q2 from O&G business: **20** MUSD ⁽²⁾

Temporary Tax changes in Norway

- Positive liquidity impact of ~670 MUSD for 2020-22
- Reduction in current tax for 6M period of **187** MUSD

Inaugural Public Credit Rating

BBB- rating by S&P Global

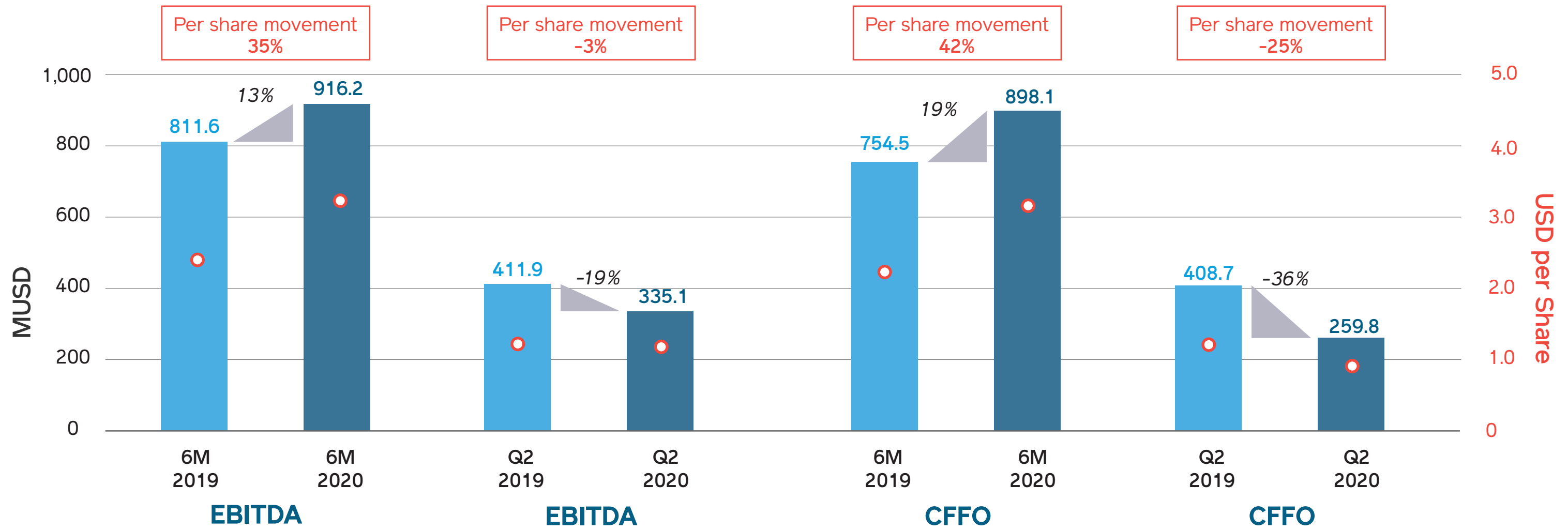
⁽¹⁾ Pre dividends

⁽²⁾ Excludes 45 MUSD investments in renewable energy business

First Six Months 2020

Key Ratios

| | 6M-19 | 6M-20 | D% | Q2-19 | Q2-20 | D% | EBITDA | CFFO |
|--------------------------------|-------|--------|------|-------|-------|------|--------|------|
| Sales Price USD/boe | 63.09 | 34.34 | -46% | 65.41 | 24.70 | -62% | ✓ | ✓ |
| Sales Volumes Mboepd | 77.4 | 162.7 | 110% | 75.1 | 172.3 | 129% | ✓ | ✓ |
| Change in Working Capital MUSD | 35.3 | 162.8 | | 49.1 | 21.6 | | | ✓ |
| FX Results MUSD ⁽¹⁾ | 34.7 | -227.8 | | 33.9 | 130.8 | | | ✓ |



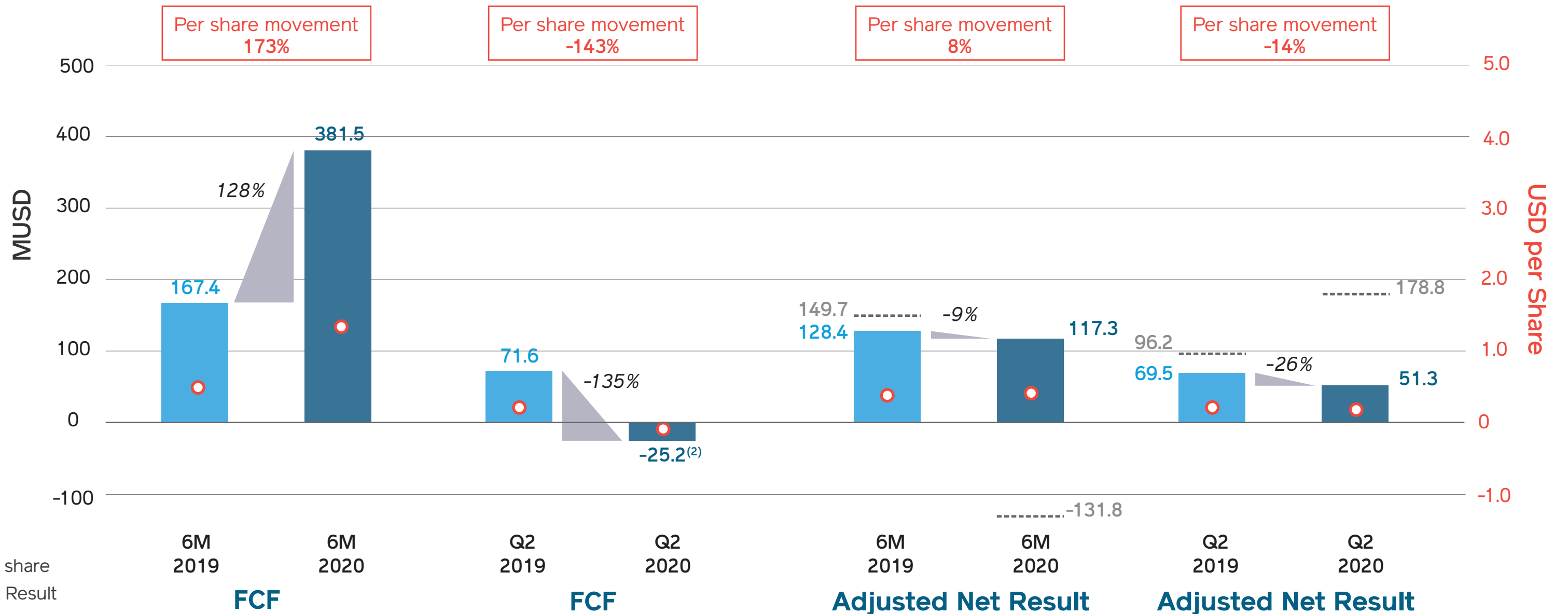
⁽¹⁾ Mostly non-cash

○ per share

First Six Months 2020

Key Ratios

| | 6M-19 | 6M-20 | D% | Q2-19 | Q2-20 | D% | FCF | Net Result | Adj. Net Result |
|--------------------------------|-------|--------|------|-------|-------|------|-----|------------|-----------------|
| Sales Price USD/boe | 63.09 | 34.34 | -46% | 65.41 | 24.70 | -62% | ✓ | ✓ | ✓ |
| Sales Volumes Mboepd | 77.4 | 162.7 | 110% | 75.1 | 172.3 | 129% | ✓ | ✓ | ✓ |
| Change in Working Capital MUSD | 35.3 | 162.8 | | 49.1 | 21.6 | | ✓ | | |
| Depletion Costs MUSD | 196.6 | 295.9 | | 96.8 | 148.6 | | | ✓ | ✓ |
| FX Results MUSD ⁽¹⁾ | 34.7 | -227.8 | | 33.9 | 130.8 | | ✓ | ✓ | |



○ per share
 ---- Net Result

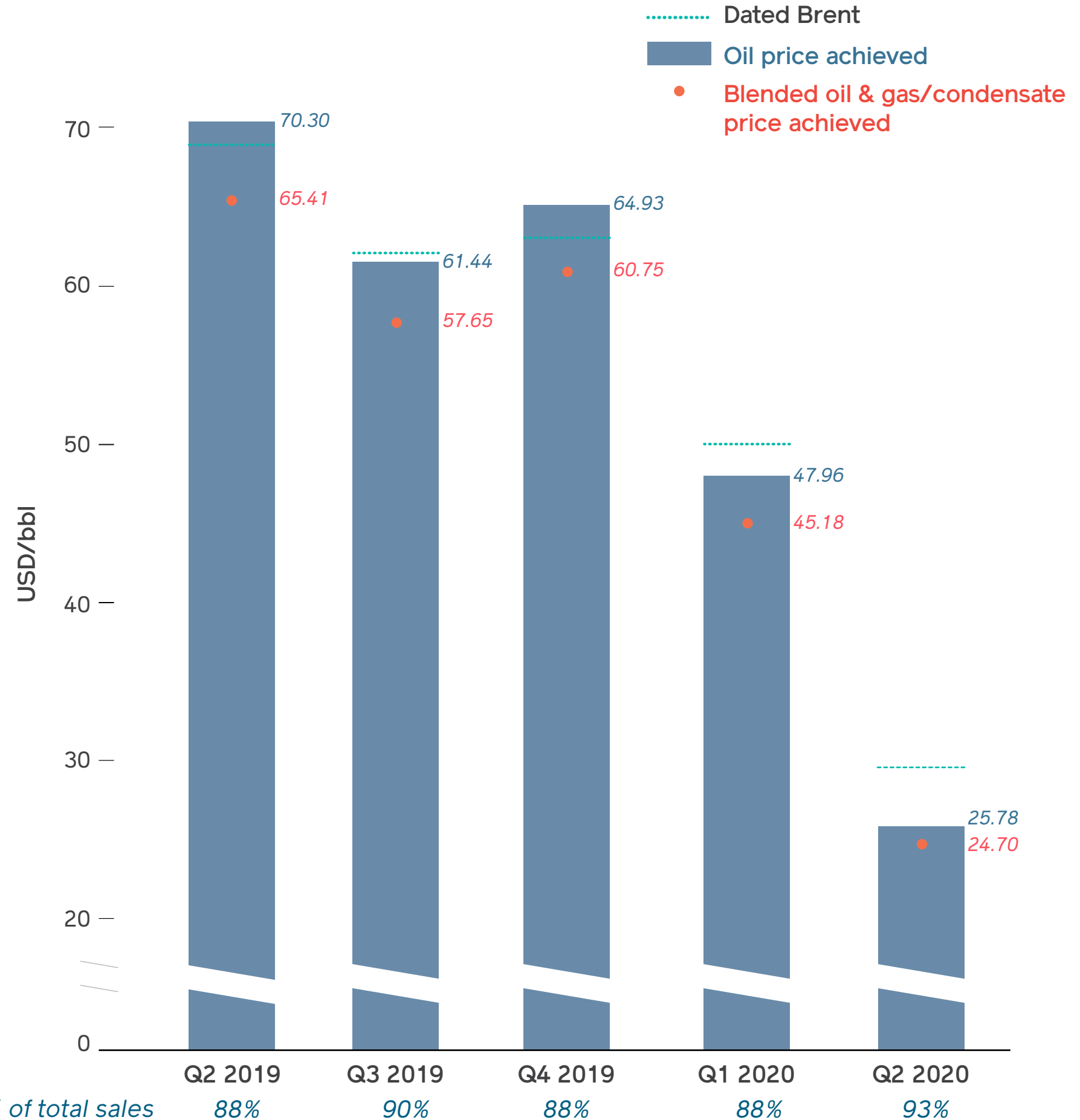
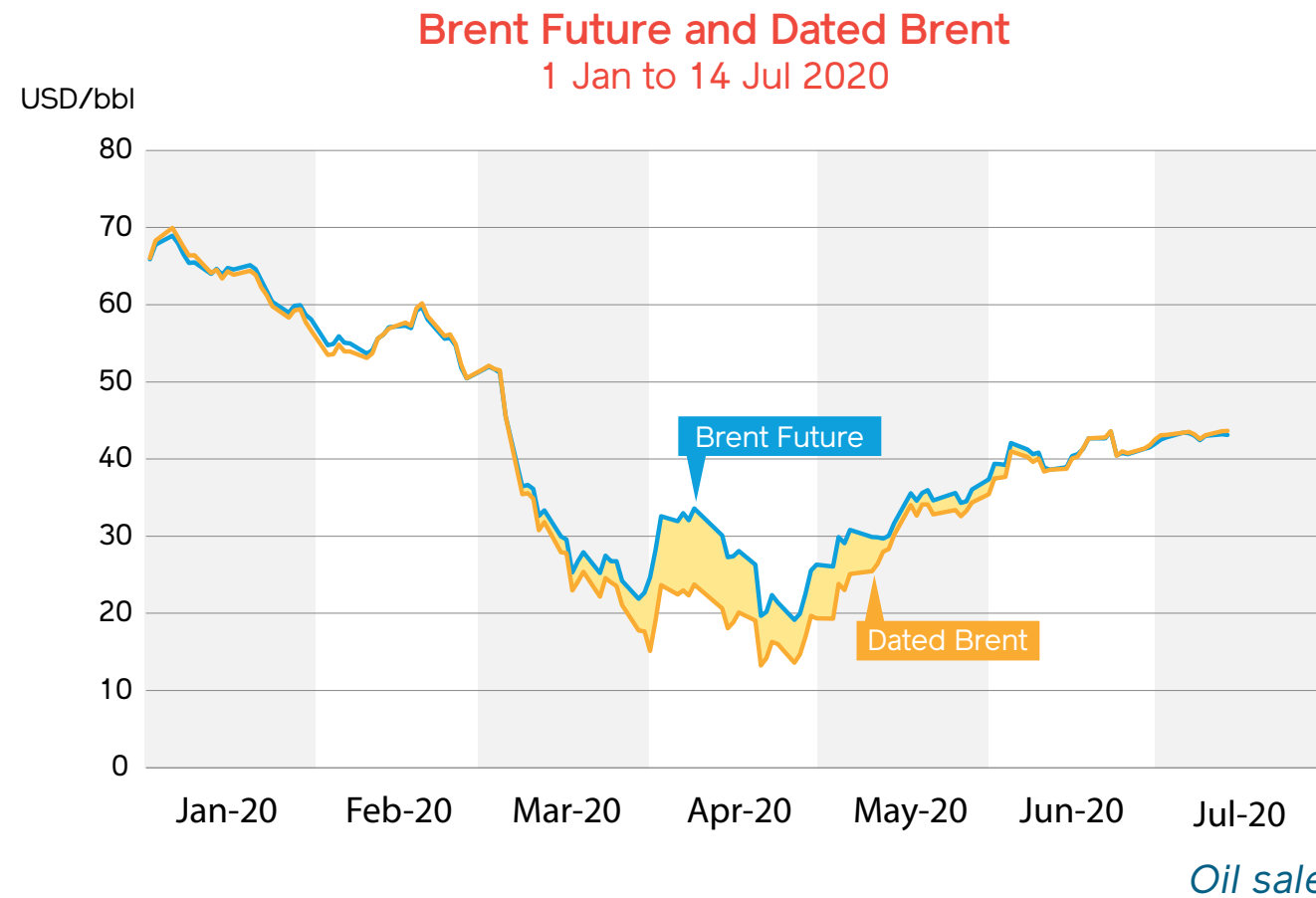
⁽¹⁾ Mostly non-cash

⁽²⁾ MUSD 20 positive for O&G business only

First Six Months 2020

Realised Prices

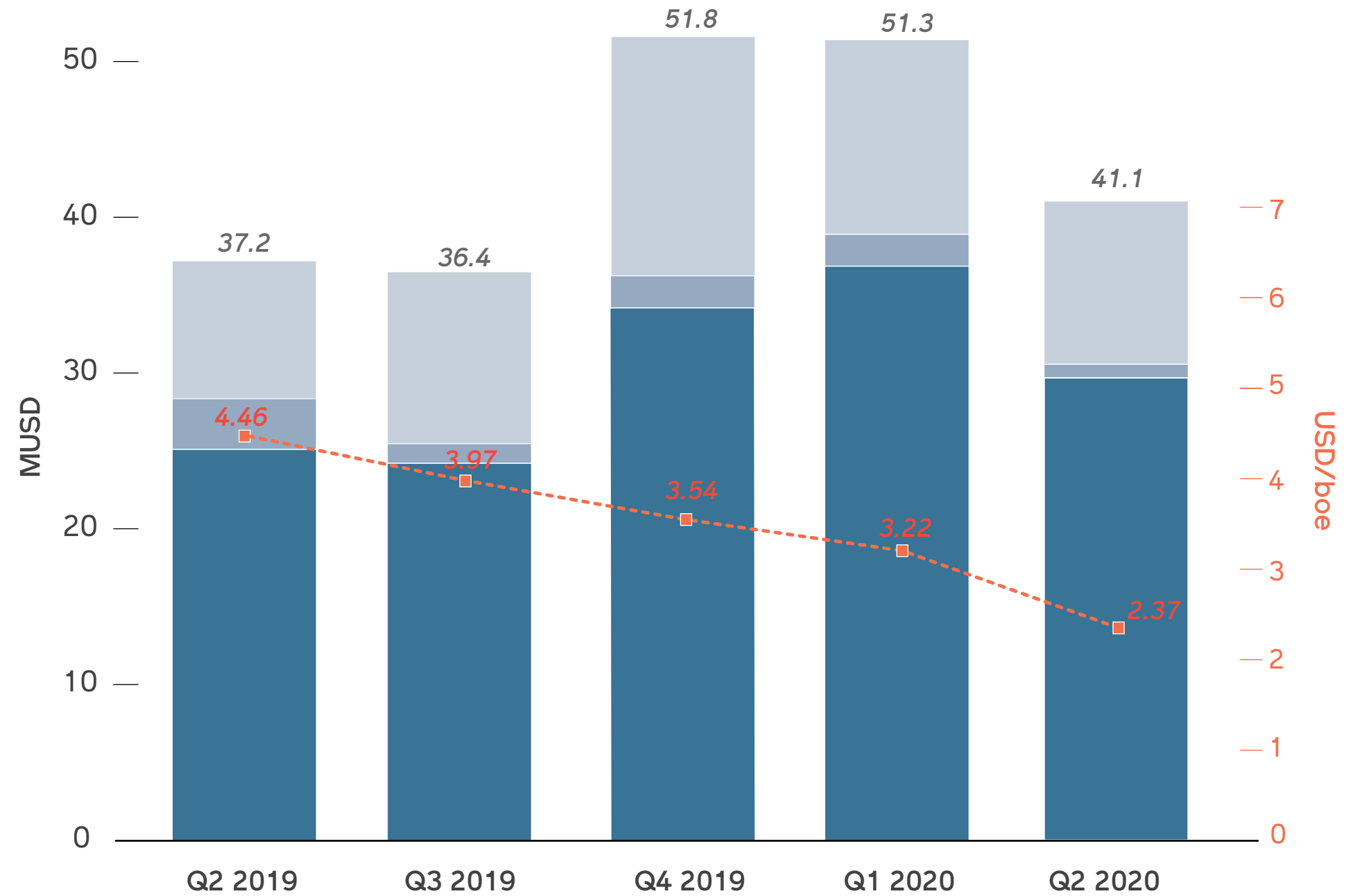
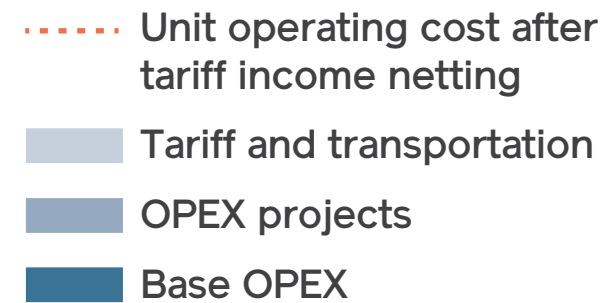
- ➔ 21 oil cargoes lifted in Q2
- ➔ Dated Brent differential volatile during Q2
- ➔ All July/August cargoes sold at Premium to Dated Brent
- ➔ Future market opportunity – Edvard Grieg CO2 per boe certified by Intertek



First Six Months 2020

Operating Costs

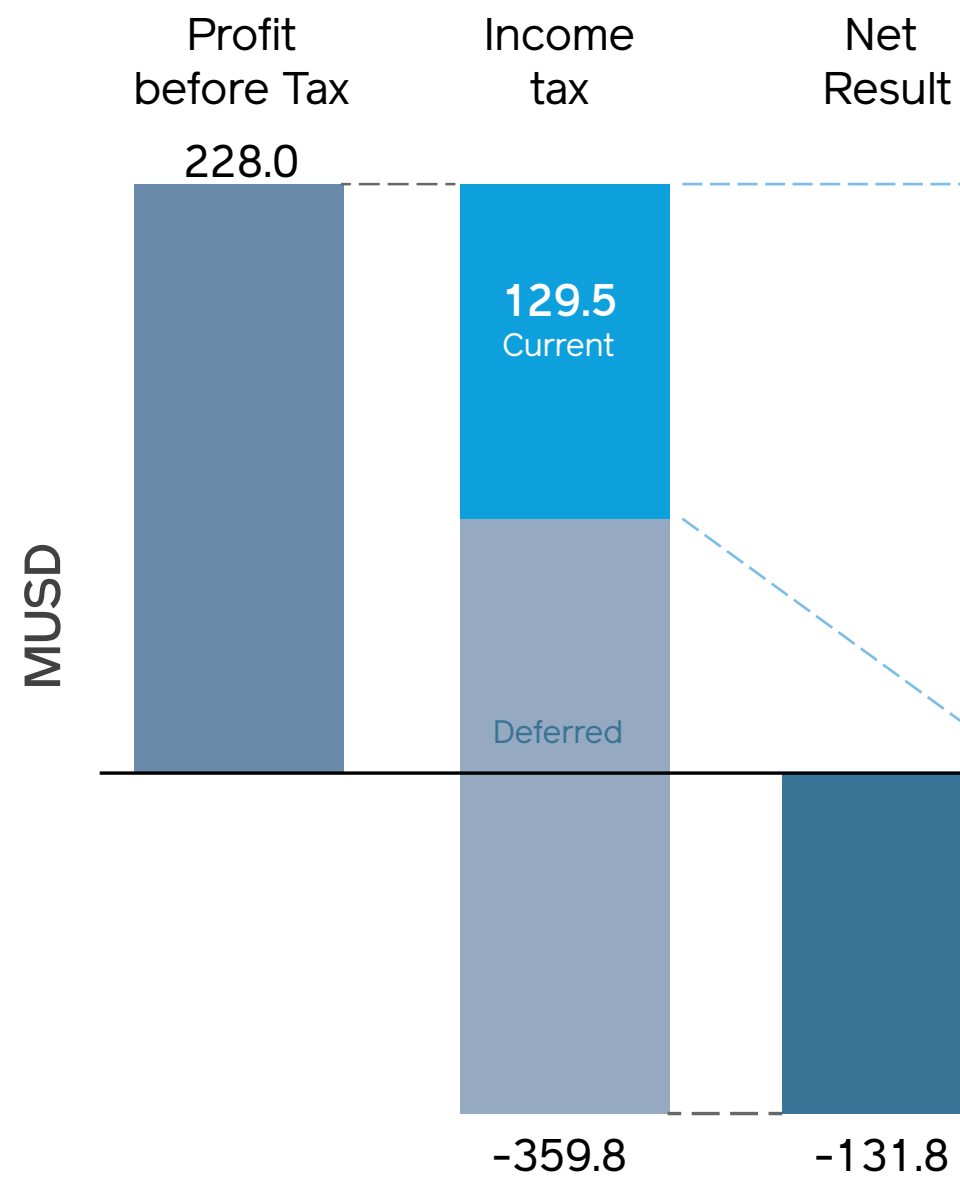
- ➔ Good cost control on all assets
- ➔ Johan Sverdrup lowering the average unit costs
- ➔ Weaker NOK resulting in lower unit costs in USD



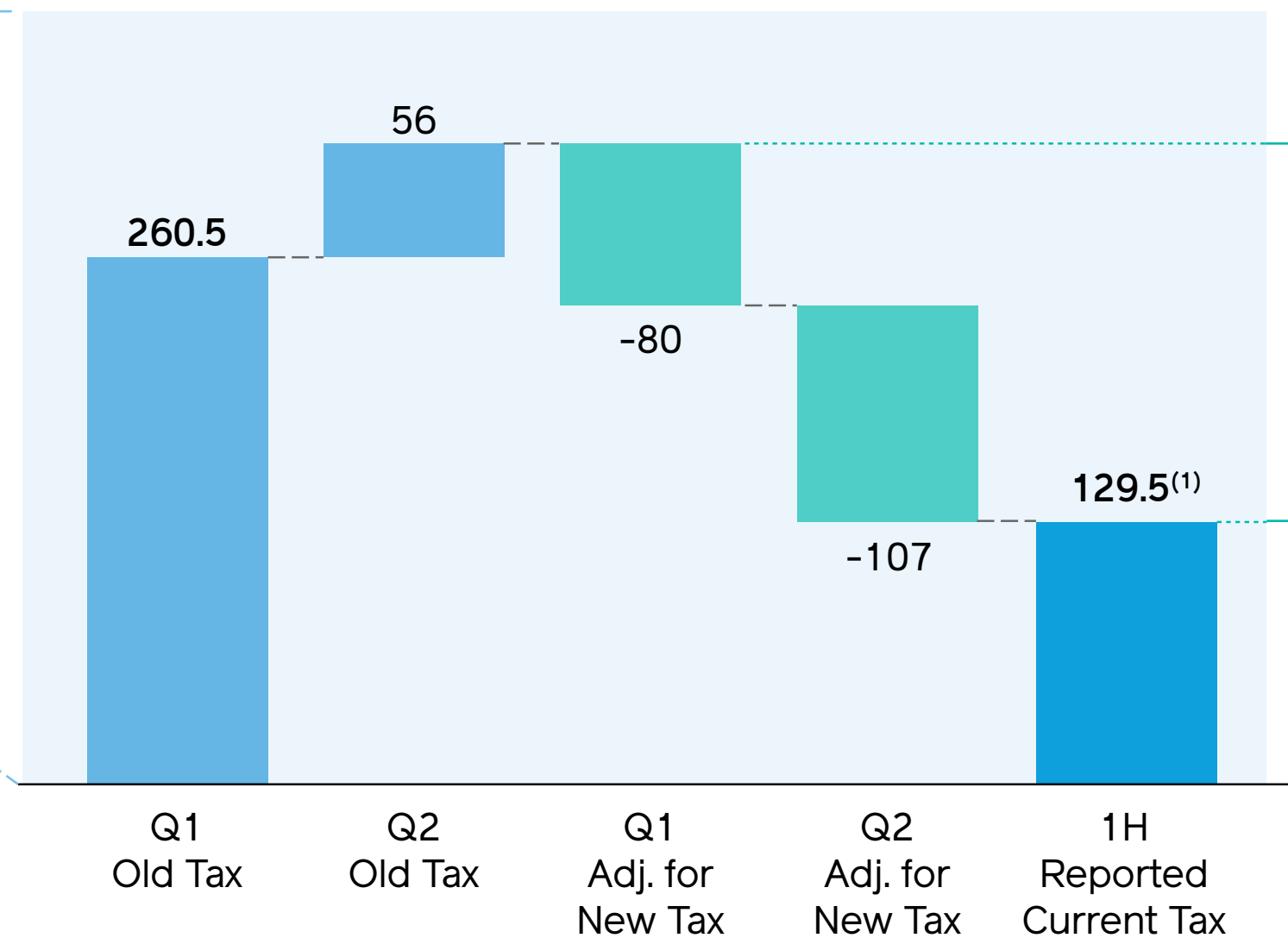
First Six Months 2020

Income Taxes

INCOME STATEMENT



1H CURRENT TAX Old vs New Tax Regime



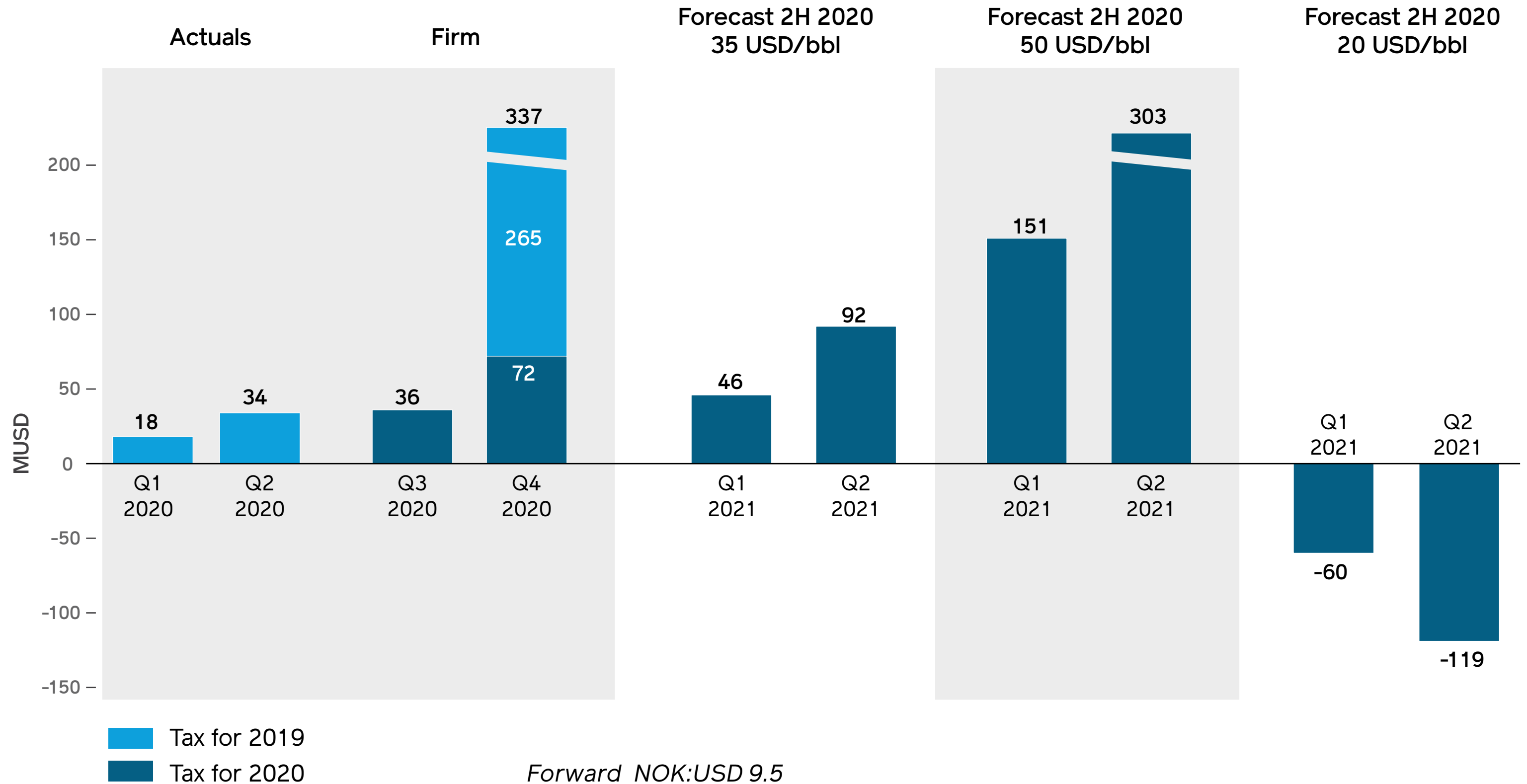
Current Tax credit in 1H 2020 187 MUSD

| | |
|------------------------------------|------------|
| Adjusted pre-tax profit | 474.8 MUSD |
| Adjusted tax charge | 357.5 MUSD |
| Adjusted effective tax rate | 75% |

⁽¹⁾ Also includes small amount of current taxes outside Norway

Norway

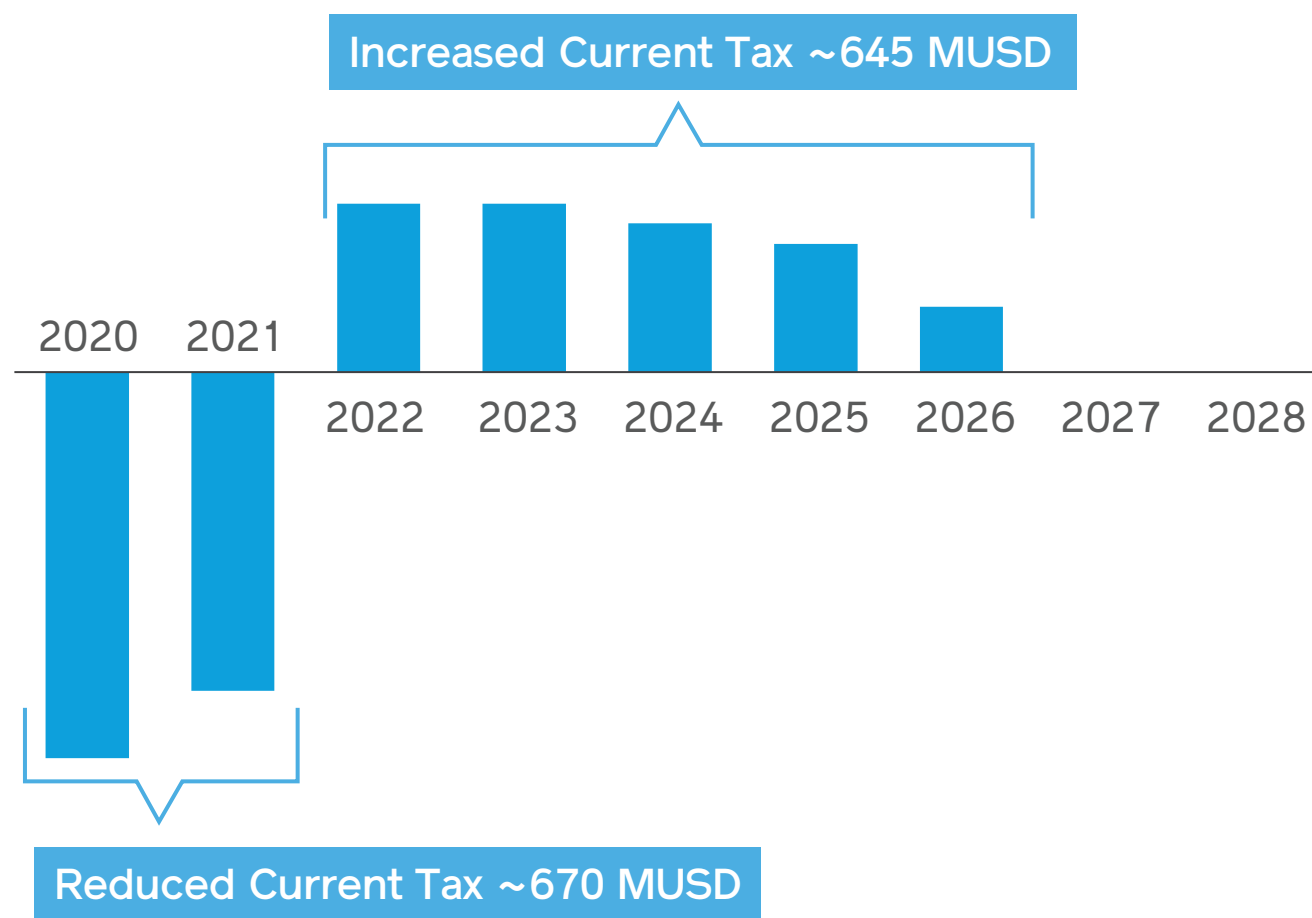
Tax Instalments



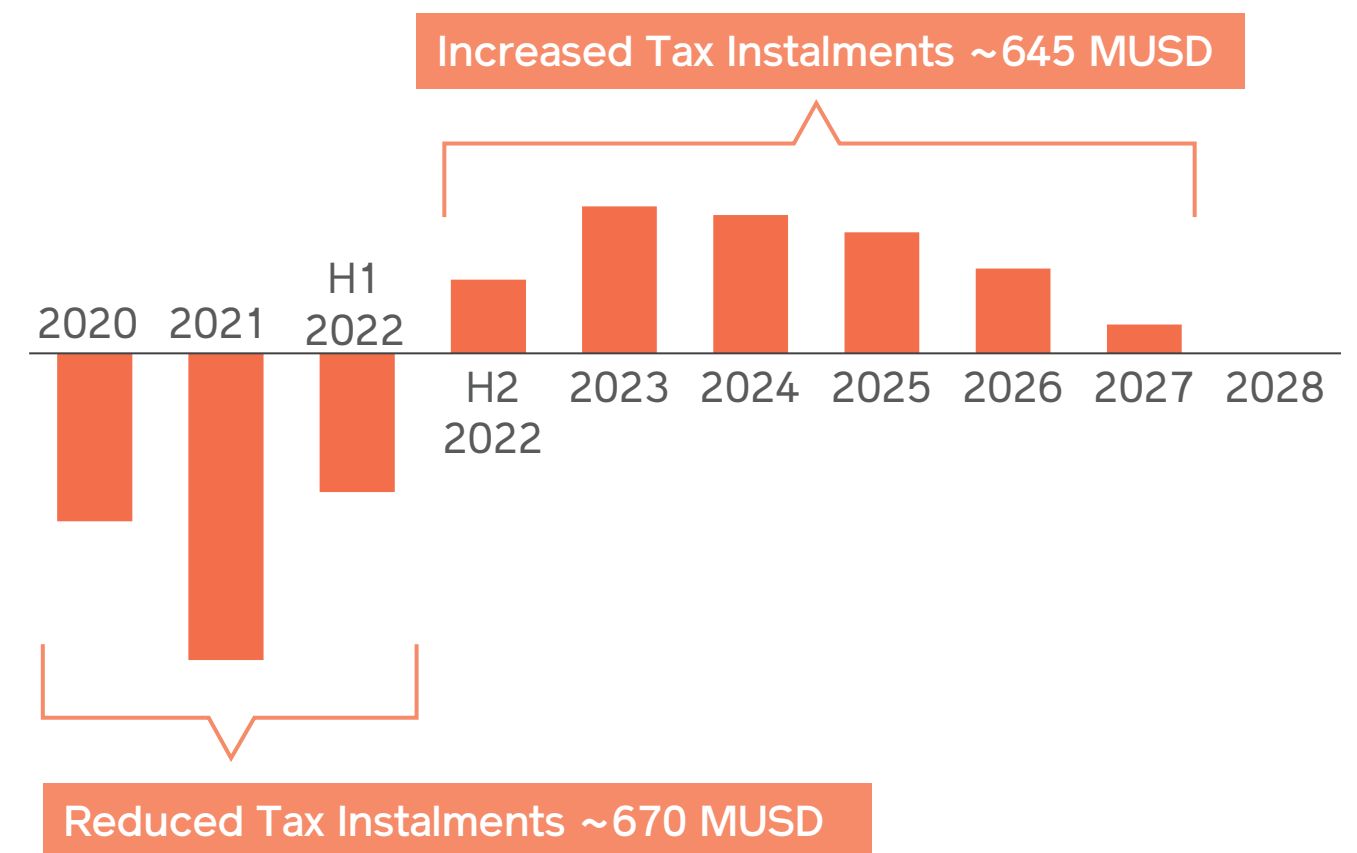
Norway

Tax Changes

Impact on Current Tax - Income Statement



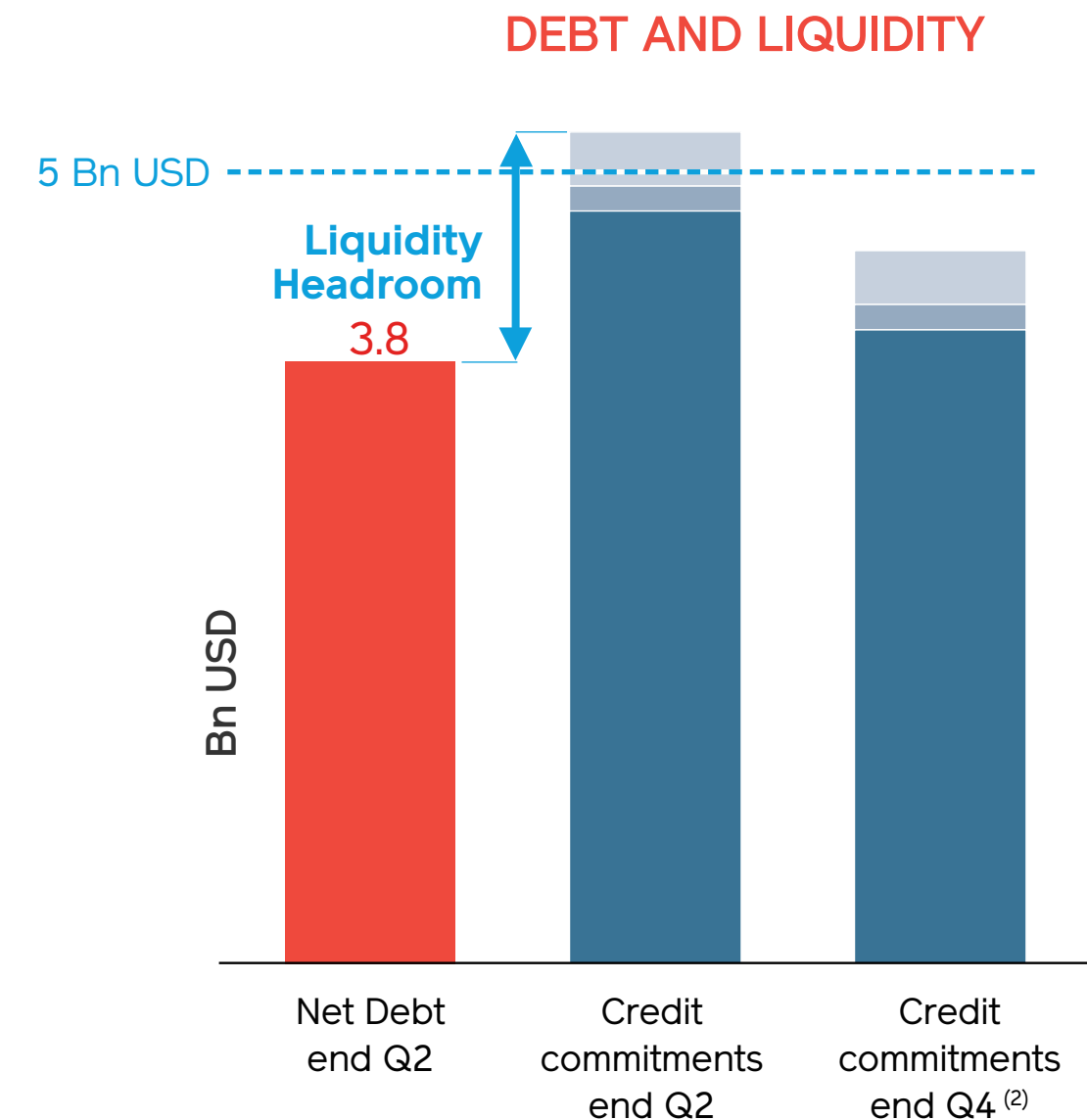
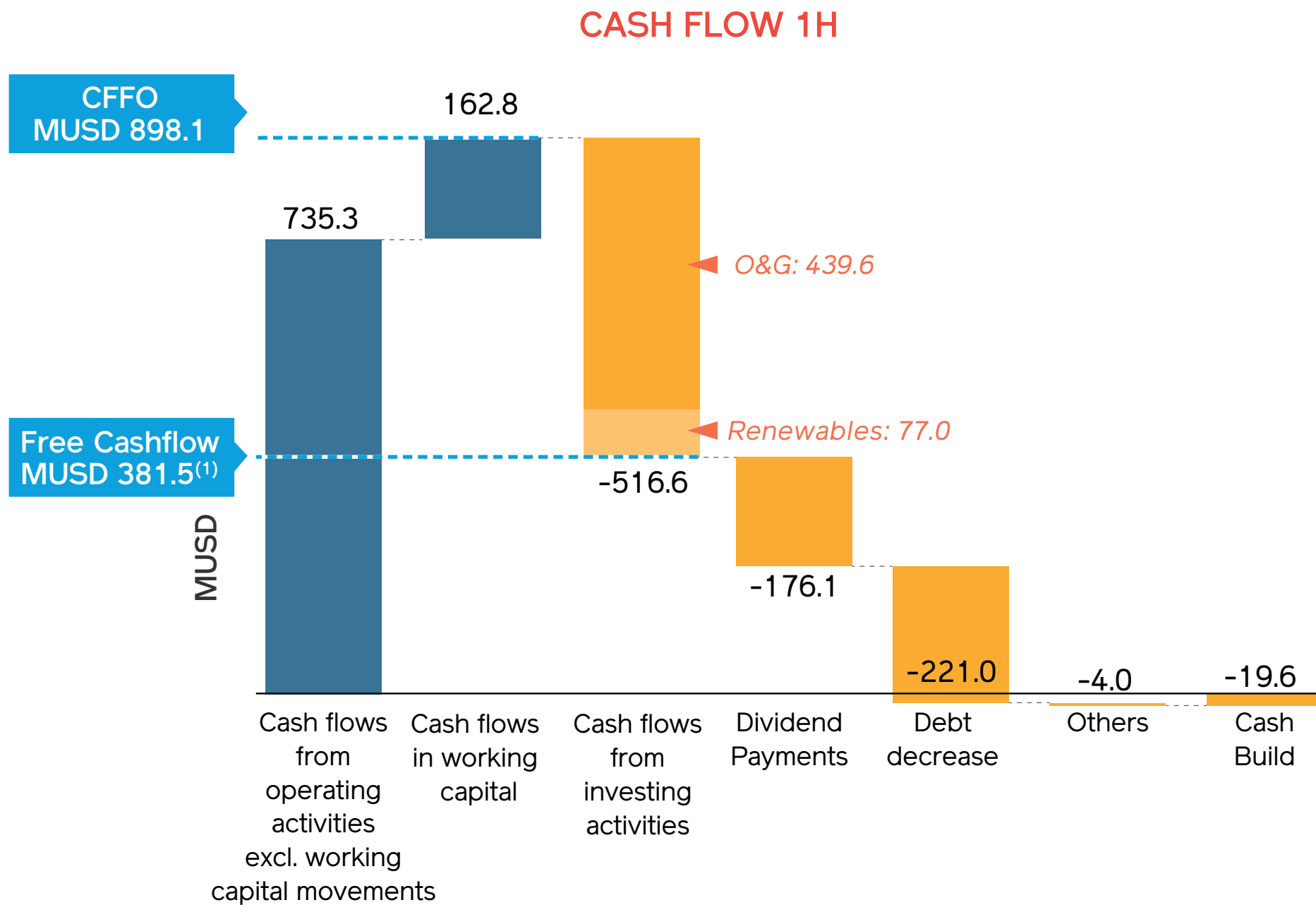
Impact on Cashflow Statement



Based on committed CAPEX and excludes financing cost, NOK:USD 9.5

First Six Months 2020

Cash Flow, Debt Position and Liquidity



⁽¹⁾ FCF from Oil & Gas business MUSD 458.5 positive

⁽²⁾ Including amortisation

2020 Latest Guidance Compared to CMD

| | CMD 65 USD/bbl | Latest Guidance |
|------------------------------------|--------------------------|------------------------|
| Production (Mboepd) | 145-165 | Targeting 157 |
| Operating costs (USD/boe) | 3.40 | 2.80 |
| CAPEX (MUSD) | 895 | 710 |
| E&A Expenditure (MUSD) | 225 | 140 |
| Decommissioning Expenditure (MUSD) | 50 | 45 |
| Renewables Investments (MUSD) | 100 | 90 |

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Dividends

- ➔ 2019 dividend of USD 1.00/share approved by AGM on 31 March 2020
- ➔ Dividend schedule - quarterly payment

| Dividend per Share | Dividend Distribution | Ex-dividend Date | Expected Payment Date |
|--------------------|--------------------------|------------------|-----------------------|
| USD 0.25 | ~ MUSD 71 ⁽¹⁾ | 1 April 2020 | 7 April 2020 |
| USD 0.25 | ~ MUSD 71 ⁽¹⁾ | 2 July 2020 | 8 July 2020 |
| USD 0.25 | ~ MUSD 71 | 1 October 2020 | 7 October 2020 |
| USD 0.25 | ~ MUSD 71 | 30 December 2020 | 8 January 2021 |

⁽¹⁾ Paid out in SEK

Lundin Energy

Resilient Industry Leading Performance

- Strong production performance, **upper end of guidance**
- Industry leading low **operating costs and carbon emissions**
- Mitigated potential impact of coronavirus, **no disruption to production and projects on track**
- **Pipeline of potential new projects** – to take advantage of tax incentives
- Significant increase to liquidity – **further expenditure savings and tax incentives**
- High quality resilient business – **free cash flow breakeven** in period of record low oil prices

Responsible
Operations

Lundin
Energy

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