



OKEA: Third quarter 2021 financial results and strategy update

(Trondheim/Oslo, 28 October 2021) - OKEA ASA (OSE: OKEA) reported a net profit after tax of NOK 97 million in the third quarter of 2021. Total operating income was NOK 1 026 million, up from NOK 607 million in the previous quarter, and EBITDA was NOK 797 million, up from NOK 311 million in the previous quarter. Market conditions remain strong, and OKEA today announces an update on the strategy including an ambition to initiate a dividend plan during 2022.

“OKEA delivered a strong operational performance in the third quarter. Combined with highly favourable market conditions, this resulted in a more than doubling of revenues year-on-year,” said OKEA CEO Svein J. Liknes. “In addition, Yme just started production, which represents a key milestone for the company and will strengthen our production and cash flow further and provide a solid platform for growth.”

(Amounts in parentheses refer to previous quarter)

Third quarter 2021 summary

OKEA reported total operating income of NOK 1 026 (607) million and EBITDA of NOK 797 (311) million for the third quarter 2021. Net profit was NOK 97 (200) million.

The company’s net production in the third quarter was 16 315 (13 210) boepd. The production increase was mainly driven by high reliability at both Draugen and Gjøa without any major planned maintenance work in the third quarter. Sold volumes amounted to 16 979 (13 048) boepd. Market prices have continued to improve during the quarter, which resulted in an average realised liquids price of USD 67.4 (63.8) per boe and an average realised price for gas of USD 0.57 (0.32) per scm.

Expected recoverable reserves at Yme are estimated to approximately 10 million standard cubic meters of oil - or 63 million barrels - with OKEA's share at 9.4 million barrels of oil. At plateau, the Yme field will produce around 56 000 boepd, with OKEA's share around 8 400 boepd. Average production the next 12 months net to OKEA from the Yme field is estimated to 5 600 boepd.

Earlier this year, the Yme licence entered into an agreement to acquire Mærsk Inspirer through a bareboat charter agreement with Havila Sirius AS and take over the day-to-day operations of the jack-up rig from Maersk Drilling. The transaction was effectuated in October and the re-organisation of operations and ownership of the Mærsk Inspirer is expected to provide significant cost improvement and cash flow benefits in the area of NOK 300 million net after tax to OKEA over the next nine months.

Guiding for 2021 remains unchanged. Production guiding for 2021 is 15 500 - 16 500 boepd and production outlook for 2022 is 17 000 - 18 000 boepd. Capex guiding for 2021 of NOK 600 - 700 million includes planned investments on the Hasselmus project for the year.

At the end of the quarter, OKEA's cash and cash equivalents amounted to NOK 1 504 million. Net interest-bearing debt amounted to NOK 874 million.

During the quarter, OKEA bought back OKEA02 bonds for NOK 108 million at an average price of 102.5 and settled the NOK 159 million that was due to Shell, as outlined in the second quarter 2021 financial report.

Strategy update

Along with the third quarter 2021 results, OKEA will also present an updated company strategy today. Going forward, OKEA's strategy will be centred around three growth levers:

- actively pursue further value creation in current portfolio
- pursuing mergers and acquisitions to add new legs to the portfolio, and
- considering organic projects either adjacent to existing hubs or pursuing new hubs, dependent on financial headroom and attractive risk-reward.

“We see very attractive fundamentals in the oil and gas market, with sustained demand gap, which will support value creation on the NCS for the next decade. Established NCS players are streamlining their portfolios, providing increased consolidation opportunities for operators with a solid track record such as OKEA. With this backdrop, and by leveraging our transactional and operational experience from Draugen, OKEA aims to be the leading operator of mid- to late-life assets on the NCS by unlocking value through high quality operations, strategic partnerships and cost-efficient solutions and technology”, said Liknes.

“OKEA has a clear ambition to deliver competitive shareholder returns driven by solid growth, value creation and capital discipline,” Liknes concludes.

OKEA CEO Svein J. Liknes and CFO Birte Norheim will host a presentation at Haakon VII's gate 2 in Oslo at 10:00 CEST today. The presentation will be streamed live on the company's website www.okea.no and will be available on demand afterwards.

The presentation and the financial report for the third quarter 2021 are enclosed.

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About OKEA | www.okea.no

OKEA ASA is an independent Exploration and Production (E&P) company and operator on the Norwegian continental shelf with a current production of around 16,000 boepd. OKEA aims to deliver shareholder value through profitable production growth within the current portfolio combined with mergers and acquisitions targeting mid to late-life assets with potential for unlocking upside value.

OKEA ASA is listed on Oslo Stock Exchange under the ticker OKEA.