



OKEA ASA - Second quarter 2022 financial results

(Trondheim, 13 July 2022) - OKEA ASA (OSE: OKEA) reported total operating income of NOK 1,332 (1,513) million and EBITDA of NOK 928 (1,143) million in the second quarter of 2022. Net profit after tax amounted to NOK 28 (213) million. Total liquidity increased by NOK 289 million to NOK 2,968 (2,679) million on top of a dividend payment of NOK 93 million made in the quarter.

(Amounts in parentheses refer to previous quarter)

“Second quarter has been eventful for OKEA. Perhaps most notably through the announced transaction with Wintershall Dea which represents a significant step forward in delivering on our growth strategy and which we finance by existing cash resources. We are currently net debt free and have initiated a dividend plan to deliver direct returns to our shareholders which we today are reaffirming. Our organic projects are progressing well, and OKEA is well positioned to further execute on our growth ambitions and deliver value”, said OKEA CEO Svein J. Liknes.

Second quarter 2022 summary

OKEA reported total operating income of NOK 1,332 (1,513) million and EBITDA of NOK 928 (1,143) million for the second quarter 2022. Net profit was NOK 28 (213) million.

Net production to OKEA in the second quarter was 16,039 (14,908) boepd. Solid performance from Draugen and Gjøa contributed to the production increase of 1,131 boepd compared to previous quarter despite eight days of planned shutdown at Gjøa in April. OKEA's working interest in Ivar Aasen also increased from 0.554% to 2.777% with effect from 1 April. These effects were partly offset by ramp up at Yme being slower than anticipated.

Sold volumes in the quarter amounted to 15,957 (15,444) boepd. Which was 513 boepd higher than last quarter mainly due to higher lifted crude volumes from Draugen and Yme, partly offset by lower lifted crude volumes from Gjøa compared to previous quarter. Compensation volumes from Duva amounted to 849 boepd in the quarter.

Market prices for petroleum products were volatile at high levels also in the second quarter. The average realised liquids price was USD 100.3 (89.6) per boe* which was lower than the average market price for the quarter mainly due to the lifting at Draugen taking place in April and prior to the price hike which occurred later in the quarter. The average realised price for gas was USD 82.4 (189.8) per boe*. The company's current gas production is sold to the UK at terms linked to NBP day-ahead prices. In the second quarter, gas prices were highly volatile and NBP traded at an unprecedented discount compared to TTF (Netherlands). In addition, due to the planned shutdown at Gjøa in the beginning of the quarter, more of OKEA's gas volumes were sold in a period where the prices were lower than the average market price for the quarter.

Other operating income amounted to NOK 78 (-3) million and comprises Gjøa tariff income of NOK 26 (24) million, income from joint utilisation of Draugen logistical resources of NOK 12 (6)

million and net gain/loss (-) from gas forward contracts of NOK 41 (-33) million.

At the end of the quarter, cash and cash equivalents and liquid investments amounted to NOK 2,968 (2,679) million. Net interest-bearing debt was NOK -49 (11) million, which does not include the financial investments of NOK 210 (209) million but includes the value of OKEA's share of the lease contract with Havila for the Inspirer rig of NOK 527 (480) million.

In addition to NOK 289 million in increased cash balance in the quarter, OKEA paid dividend of NOK 93 million, settled a bond buyback of NOK 10 million, and pre-paid NOK 97 million to Wintershall Dea for the purchase of a material asset portfolio with expected completion in Q4 22. OKEA paid taxes of NOK 386 (194) million in the quarter.

Outlook

As outlined in the company's first quarter financial report, the ramp-up at Yme has progressed slower than initially anticipated. This development has continued in the second quarter and the updated prognosis from the operator indicates that plateau production will be pushed back from Q3 22 to YE 22 which leads OKEA to reduce the production guiding for 2022 from 18,500 – 20,000 boepd to 16,000 – 17,000 boepd (excluding the additional volumes from the Wintershall DEA transaction with effective date 1 January 2022). Total production level YE 22, following completion of the transaction with Wintershall DEA in, is expected to amount to 26,500 – 28,000 boepd.

Production outlook for 2023 is expected to increase from 17,000 – 19,000 boepd to 25,000 – 27,000 boepd. The increase is mainly due to the acquisition of assets from Wintershall DEA, but also to an increased contribution from Yme as plateau production is currently expected to take full effect in 2023.

Webcast and audioconference

A presentation of the results will be held today through a webcast and audioconference starting 08:00 CET. The presentation will be held by Svein J. Liknes (CEO) and Birte Norheim (CFO).

The webcast can be followed at www.okea.no
or https://channel.royalcast.com/landingpage/hegnarmedia/20220713_1/

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About OKEA

OKEA ASA is a leading mid- to late-life operator on the Norwegian continental shelf (NCS). OKEA finds value where others divest and has an ambitious strategy built on growth, value creation and capital discipline.

OKEA is listed on the Oslo Stock Exchange (OSE:OKEA)

More information at www.okea.no