

# Fourth Quarter 2021

Oslo, 18 February 2021



# Disclaimer

THIS PRESENTATION (THE "INFORMATION MATERIAL") HAS BEEN PRODUCED AND DELIVERED BY NORWEGIAN ENERGY COMPANY ASA (THE "COMPANY"). THIS INFORMATION MATERIAL DOES NOT CONSTITUTE AN OFFER, INVITATION OR SOLICITATION OF AN OFFER TO BUY, SUBSCRIBE OR SELL ANY SHARES IN THE COMPANY.

THE COMPANY DOES NOT MAKE ANY UNDERTAKING, REPRESENTATION OR WARRANTY (EXPRESS OR IMPLIED) AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION (WHETHER WRITTEN OR ORAL AND WHETHER INCLUDED IN THIS INFORMATION MATERIAL OR ELSEWHERE) CONCERNING THE COMPANY OR OTHER MATTERS DESCRIBED HEREIN. NEITHER THE COMPANY NOR ANY OF ITS PARENT OR SUBSIDIARY UNDERTAKINGS OR ANY SUCH PERSON'S AFFILIATES, OFFICERS, EMPLOYEES OR ADVISERS ACCEPT ANY LIABILITY WHATSOEVER ARISING DIRECTLY OR INDIRECTLY FROM THE USE OF THIS INFORMATION MATERIAL OR OTHERWISE IN CONNECTION WITH THE MATTERS DESCRIBED HEREIN.

THE DISTRIBUTION OF THIS INFORMATION MATERIAL IN CERTAIN JURISDICTIONS IS RESTRICTED BY LAW. THIS INFORMATION MATERIAL IS NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO ANY JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL.

THIS INFORMATION MATERIAL MAY CONTAIN CERTAIN FORWARD-LOOKING STATEMENTS RELATING TO THE BUSINESS, FINANCIAL PERFORMANCE AND RESULTS OF THE COMPANY AND/OR THE INDUSTRY IN WHICH IT OPERATES. FORWARD-LOOKING STATEMENTS CONCERN FUTURE CIRCUMSTANCES AND RESULTS AND OTHER STATEMENTS THAT ARE NOT HISTORICAL FACTS, SOMETIMES IDENTIFIED BY THE WORDS "BELIEVES", "EXPECTS", "PREDICTS", "INTENDS", "PROJECTS", "PLANS", "ESTIMATES", "AIMS", "FORESEES", "ANTICIPATES", "TARGETS", AND SIMILAR EXPRESSIONS. THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS INFORMATION MATERIAL, INCLUDING ASSUMPTIONS, OPINIONS AND VIEWS OF THE COMPANY OR CITED FROM THIRD

PARTY SOURCES ARE SOLELY OPINIONS AND FORECASTS WHICH ARE SUBJECT TO RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL EVENTS TO DIFFER MATERIALLY FROM ANY ANTICIPATED DEVELOPMENT. NEITHER THE COMPANY NOR ANY OF ITS SUBSIDIARY UNDERTAKINGS OR ANY SUCH PERSON'S AFFILIATES, OFFICERS OR EMPLOYEES PROVIDES ANY ASSURANCE THAT THE ASSUMPTIONS UNDERLYING SUCH FORWARD-LOOKING STATEMENTS ARE FREE FROM ERRORS, NOR DOES ANY OF THEM ACCEPT ANY RESPONSIBILITY FOR THE FUTURE ACCURACY OF THE OPINIONS EXPRESSED IN THIS INFORMATION MATERIAL OR THE ACTUAL OCCURRENCE OF THE FORECASTED DEVELOPMENTS. THE COMPANY ASSUME NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENTS OR TO CONFIRM THESE FORWARD-LOOKING STATEMENTS TO OUR ACTUAL RESULTS.

BY ATTENDING OR RECEIVING THIS INFORMATION MATERIAL YOU ACKNOWLEDGE THAT YOU WILL BE RESPONSIBLE FOR YOUR OWN ASSESSMENT OF THE MARKET AND THE MARKET POSITION OF THE COMPANY AND THAT YOU WILL CONDUCT YOUR OWN ANALYSIS AND BE SOLELY RESPONSIBLE FOR FORMING YOUR OWN VIEW OF THE POTENTIAL FUTURE PERFORMANCE OF THE COMPANY'S BUSINESS AND A POTENTIAL INVESTMENT IN THE COMPANY.

THE CONTENTS OF THIS INFORMATION MATERIAL ARE NOT TO BE CONSTRUED AS FINANCIAL, LEGAL, BUSINESS, INVESTMENT, TAX OR OTHER PROFESSIONAL ADVICE. THIS INFORMATION MATERIAL SPEAKS AS OF 21 AUGUST 2020. NEITHER THE DELIVERY OF THIS INFORMATION MATERIAL NOR ANY FURTHER DISCUSSIONS OF THE COMPANY WITH ANY OF THE RECIPIENTS SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE SUCH DATE.

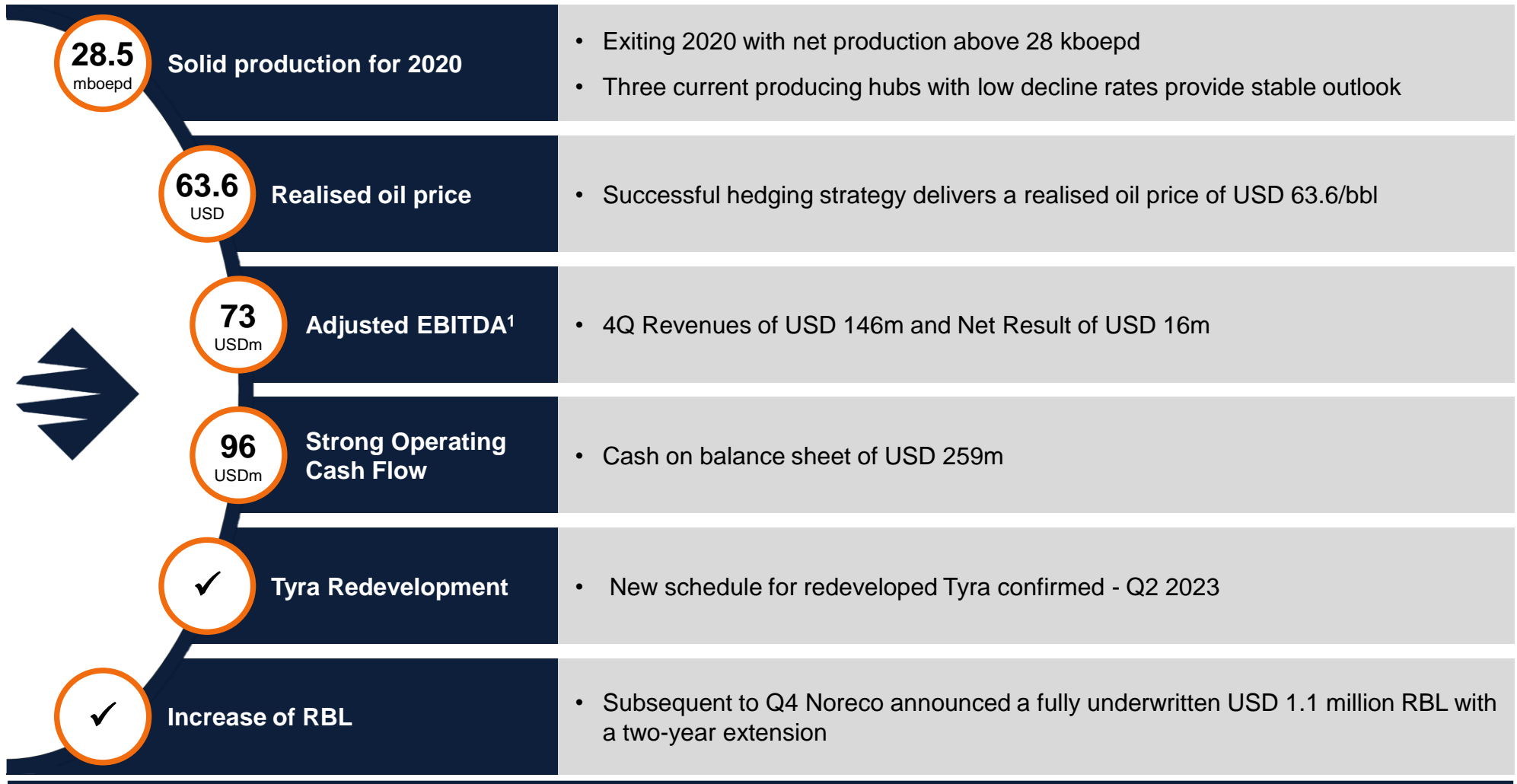
THIS INFORMATION MATERIAL IS SUBJECT TO NORWEGIAN LAW, AND ANY DISPUTE ARISING IN RESPECT OF THIS INFORMATION MATERIAL IS SUBJECT TO THE EXCLUSIVE JURISDICTION OF NORWEGIAN COURTS WITH OSLO DISTRICT COURT AS EXCLUSIVE LEGAL VENUE

# Important Information

AN INVESTMENT IN THE COMPANY INVOLVES RISK, AND SEVERAL FACTORS COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS THAT MAY BE EXPRESSED OR IMPLIED BY STATEMENTS AND INFORMATION IN THIS INVESTOR PRESENTATION, INCLUDING, AMONG OTHERS, RISKS OR UNCERTAINTIES ASSOCIATED WITH THE COMPANY'S BUSINESS, SEGMENTS, DEVELOPMENT, GROWTH MANAGEMENT, FINANCING, MARKET ACCEPTANCE AND RELATIONS WITH CUSTOMERS, AND, MORE GENERALLY, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN

DOMESTIC AND FOREIGN LAWS AND REGULATIONS, TAXES, CHANGES IN COMPETITION AND PRICING ENVIRONMENTS, FLUCTUATIONS IN CURRENCY EXCHANGE RATES AND INTEREST RATES AND OTHER FACTORS. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALISE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED IN THIS INVESTOR PRESENTATION. THE COMPANY DOES NOT INTEND, AND DOES NOT ASSUME ANY OBLIGATION, TO UPDATE OR CORRECT THE INFORMATION INCLUDED IN THIS INVESTOR PRESENTATION.

# Highlights for the Quarter





# Operational Review

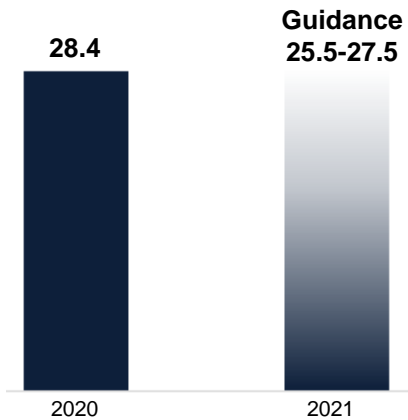


# Strong 2020 Production with Low Forward Decline Rate

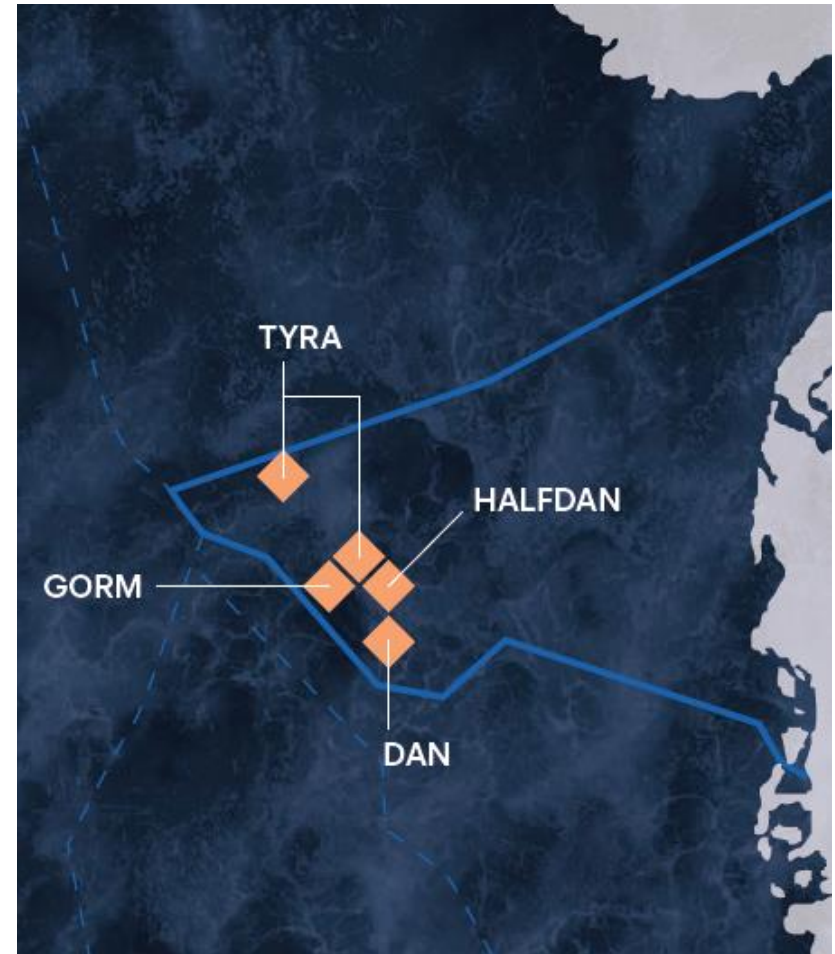
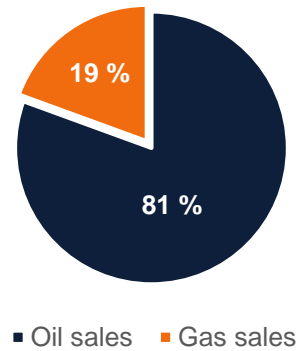
*- Stable cash generative production throughout the Tyra Redevelopment period*

- Full year production averaged 28.5 mboepd
- Full year operational efficiency at ~82% (COVID impacted)
- Added circa 200 boepd in Q4 through gas lift optimization
- Returned to pre-Covid levels of offshore manning

*Production mboepd (net)<sup>1</sup>*



*Hydrocarbon Sales*

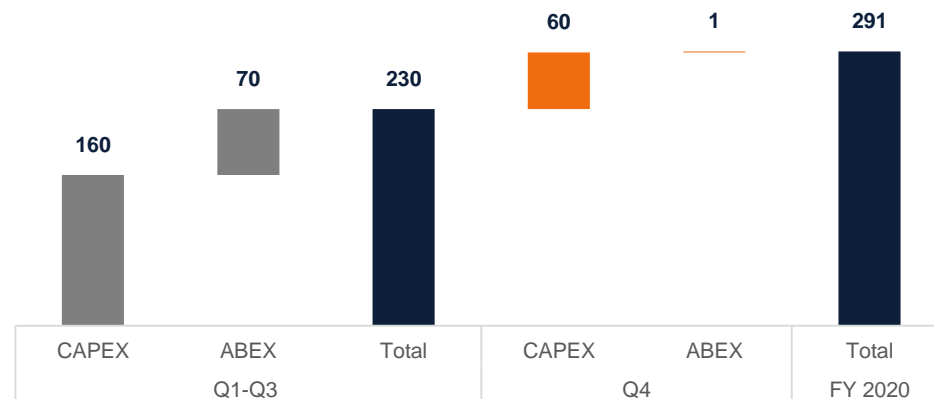


# Tyra Redevelopment – Milestones & Outlook

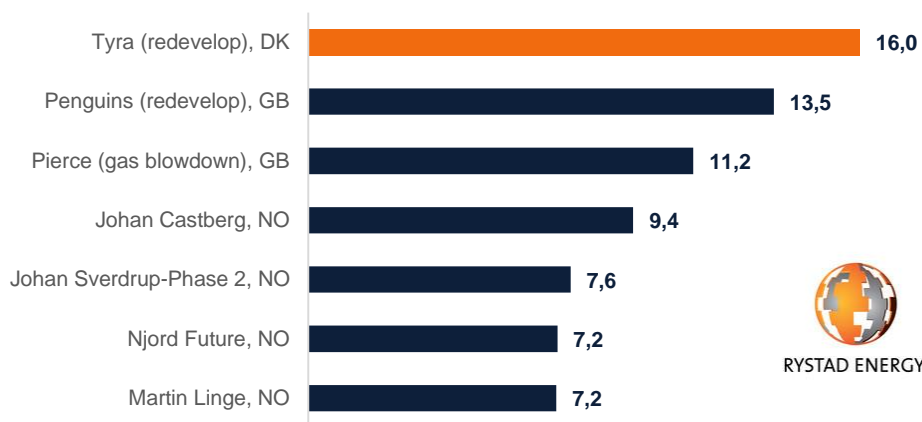
## Forward-looking Milestones

- TEH sail away – Q3 2021
- TE WHRP sail away – Q3 2021
- Initiation of offshore hook-up – Q3 2021
- TW WHRP sail away – Q4 2021
- TEG process module sail away – 2022
- First gas – Q2 2023

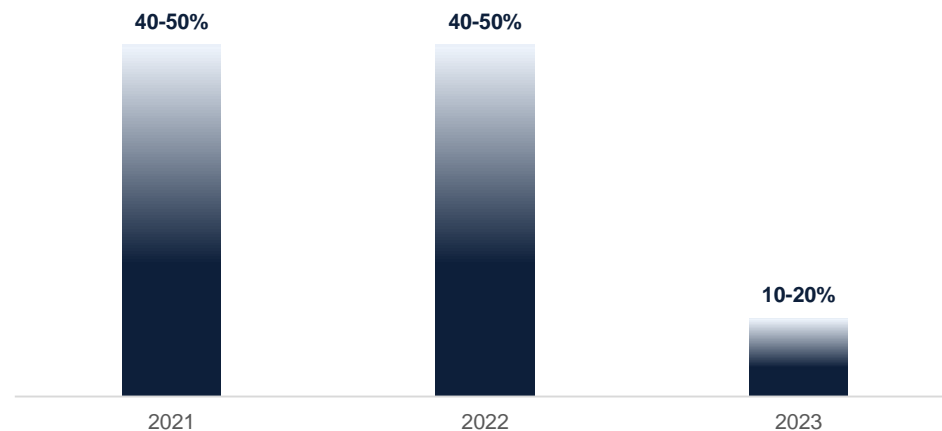
2020 Tyra Cost (actuals)<sup>1</sup>



North Sea Development Projects, NPV (USD)/bb<sup>3</sup>



Indicative Tyra Cost Phasing<sup>2</sup>



1) In USD million, net to Noreco

2) Share of expected remaining cost

3) Source: Rystad Energy Base Case NPV as per 1 January in the year of first production from the project (for North Sea projects under development above 100 mmboe) divided by Rystad Energy remaining resources

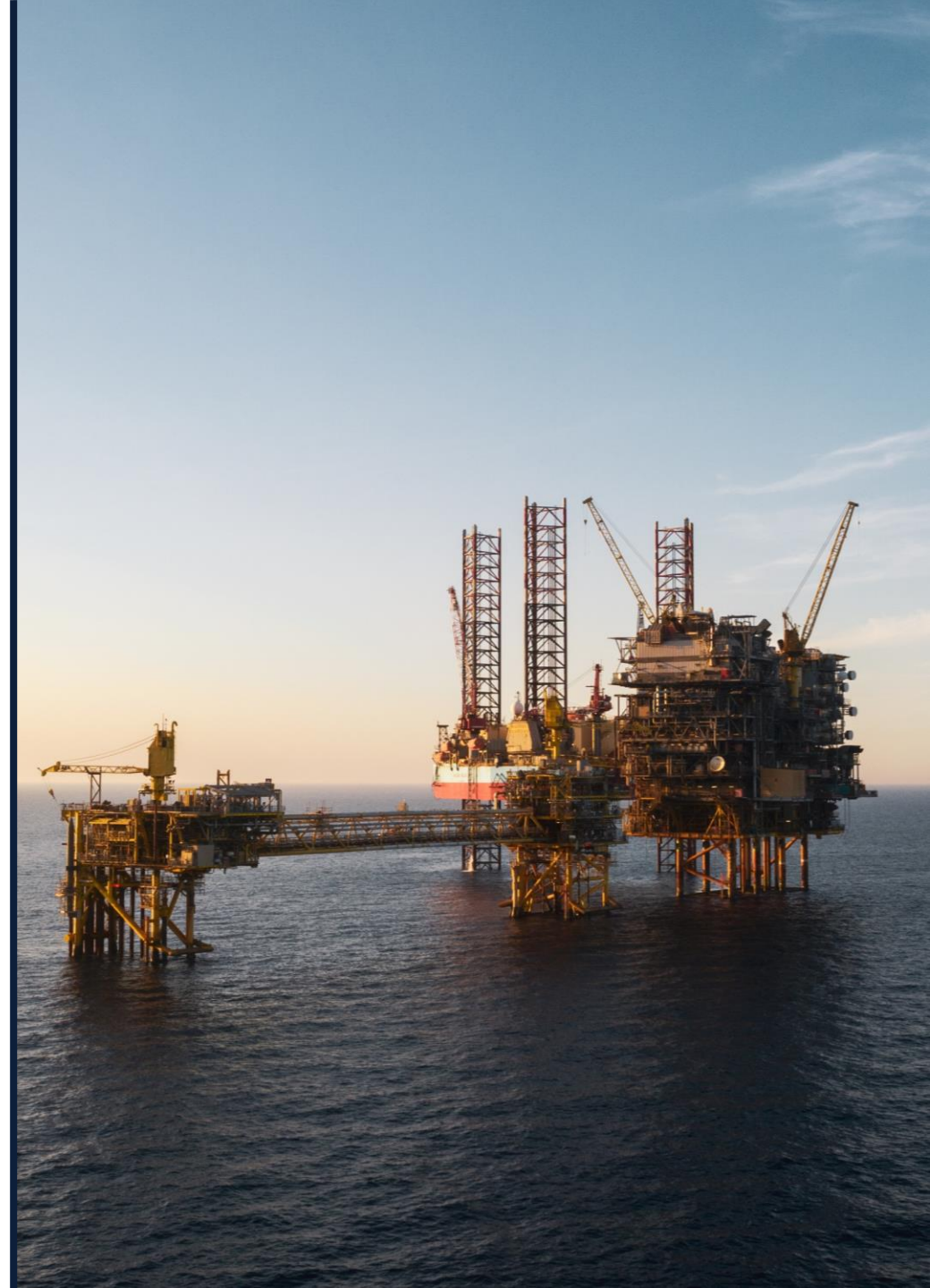
# The Danish “2050 North Sea Agreement” – Key Considerations

*- Agreement announced December 2020 provides industry stability and opportunities*

~ 30 years	<ul style="list-style-type: none"><li>▪ Oil and gas production continue until 2050 – eight years beyond DUC concession expiry in 2042</li></ul>
Licensing Rounds	<ul style="list-style-type: none"><li>▪ Cease future licensing rounds for new exploration, YET:<ul style="list-style-type: none"><li>▪ Mini licensing rounds still permitted</li><li>▪ Neighbour licensing still permitted</li></ul></li></ul>
DUC Projects	<ul style="list-style-type: none"><li>▪ Identified low cost, value accretive DUC projects can progress</li><li>▪ DUC development opportunities not impacted by lack of licensing rounds</li></ul>
CCS	<ul style="list-style-type: none"><li>▪ DKK 100mm available annually in 2021 and 2022 to support projects for CO<sub>2</sub> storage</li><li>▪ Intended to promote the development of safe storage of CO<sub>2</sub> as early as 2025</li></ul>
Electrification	<ul style="list-style-type: none"><li>▪ Agreement states collaboration to be initiated on electrification, aiming to reduce existing production emissions</li></ul>
Industry- and framework stability	<ul style="list-style-type: none"><li>▪ The 2050 Agreement provides predictability, with an emphasis on stable opportunities and conditions for the North Sea players until 2050</li><li>▪ The 2050 end date is to be added to the Danish Underground Act to ensure industry stability</li></ul>



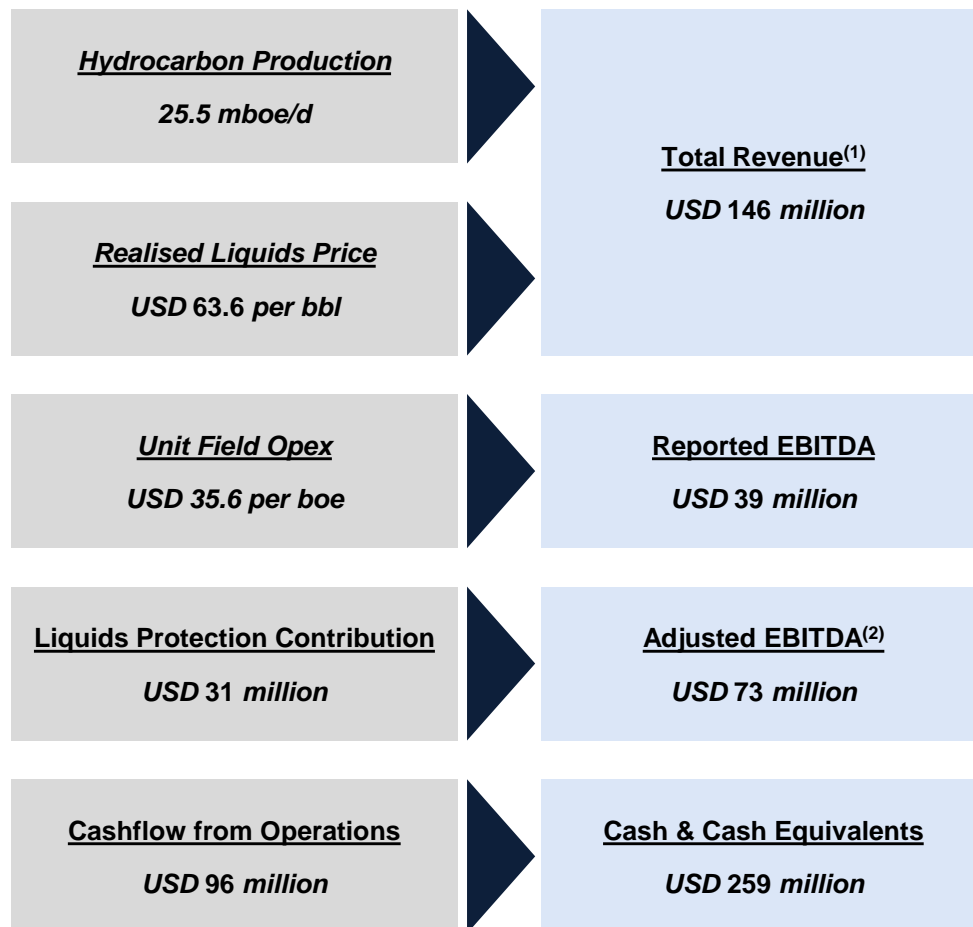
# Financial Review



# Financial Summary: Q4 2020

## *Financial performance in quarter benefitted from ongoing hedging arrangements*

- Robust financial performance during Q4 2020
  - Price and volume hedging give strong risk mitigation
- Oil realisations significantly above market
  - Realised price of USD 63.6/bbl in Q4
  - Material price hedging in place to the end of 2023
    - Includes volumes hedged during Q1 2021
- Contribution of c. USD 31 million from volume guarantee
- Cash and cash equivalents of USD 259 million
- Underwritten amend, extend and increase of RBL to USD 1.1 billion announced in Feb 2021
  - Provides a strong foundation to deliver Noreco's long-term value proposition with no pre-Tyra amortisations



# Increase and Extension of RBL Facility

*Providing Noreco with a strong financial position and significant liquidity*

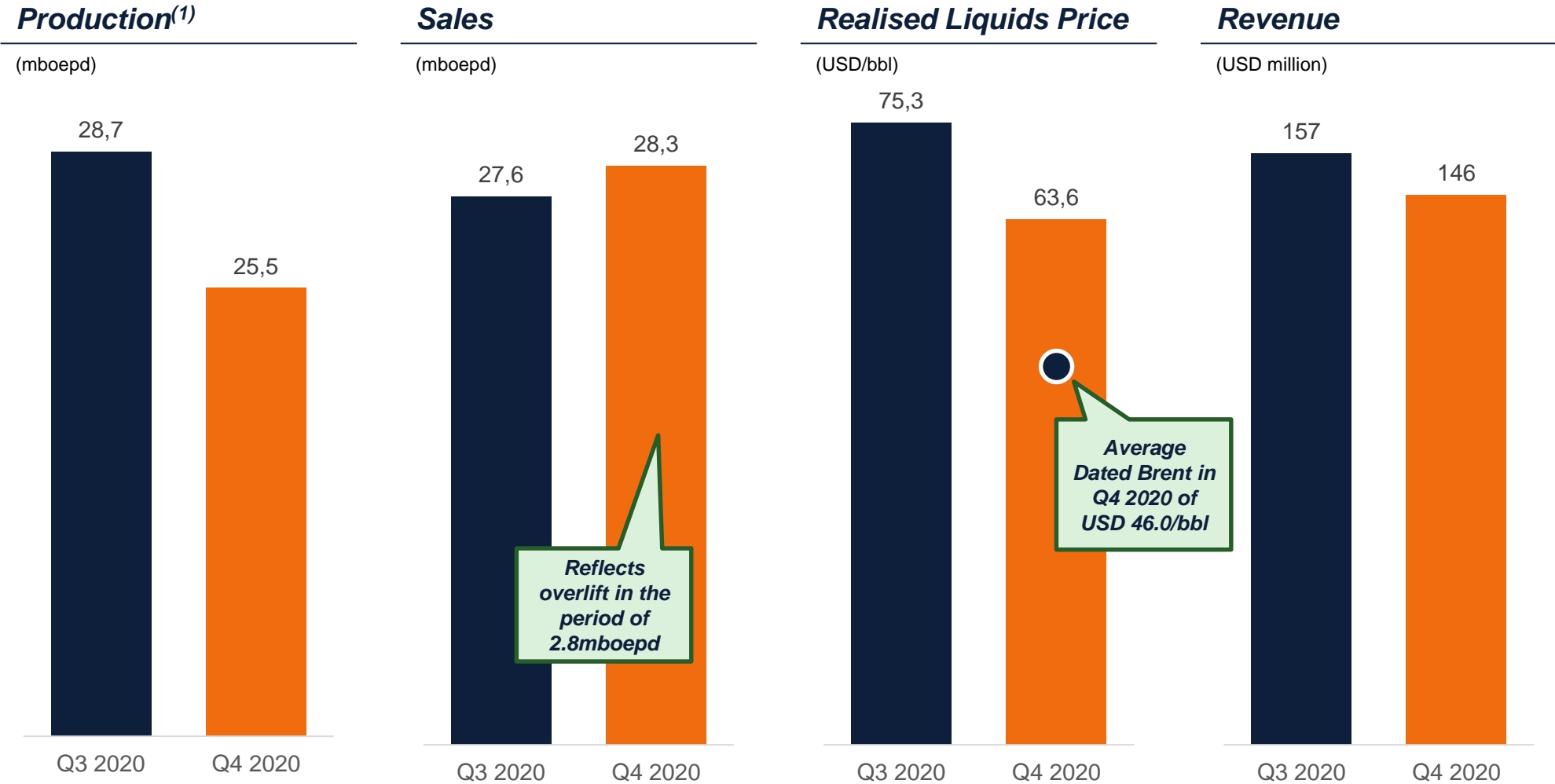
## Commentary

- Underwriting Agreement entered into in Feb 2021 for a new **USD 1.1 billion** Reserve Base Lending (“RBL”) facility
  - This will replace existing USD 900 million RBL facility
- New facility will mature in 2028, a two year extension
  - Corresponding shift in amortisation start to H2 2024
- Facility fully underwritten by BNP Paribas, Deutsche Bank, ING Bank, Lloyds Bank and Natixis
- Margin subject to adjustment based ESG targets
  - Emissions intensity reduction, power from renewables
- Syndication currently underway
  - New facility expected to close around the end of Q1 2021

## Key Terms

	<u>Current Facility</u>	<u>Underwritten Amend, Extend and Increase</u>
<b>Facility Size</b>	USD 900 million	<b>USD 1.1 billion</b> <i>Increase of USD 200 million</i>
<b>Maturity</b>	2026	<b>2028</b> <i>Extension of 2 years</i>
<b>Amortisation (Commencement)</b>	H2 2022	<b>H2 2024</b> <i>Delay of 2 years</i>
<b>Cash Drawing Capacity (At Closing)</b>	n/a	<b>&gt; USD 1.0 billion</b> <i>USD 249 million Undrawn Capacity</i>

# Oil & Gas Production and Sales: Q4 2020



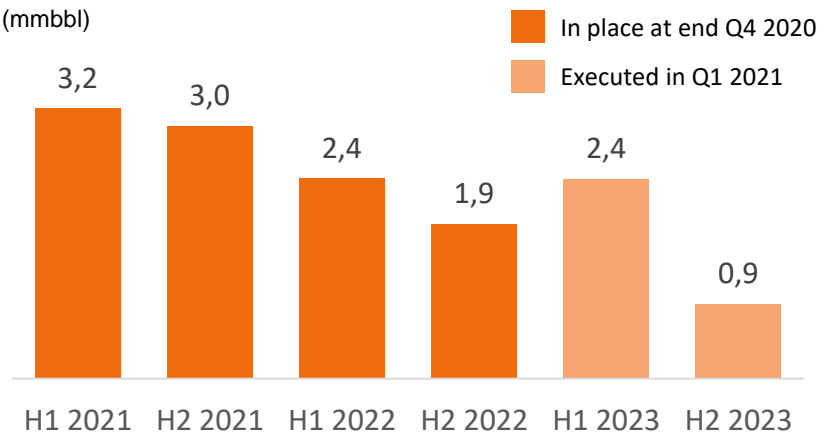
1) Production figures do not take account of the volume guarantee

# Overview of Hedging Arrangements: Q4 2020

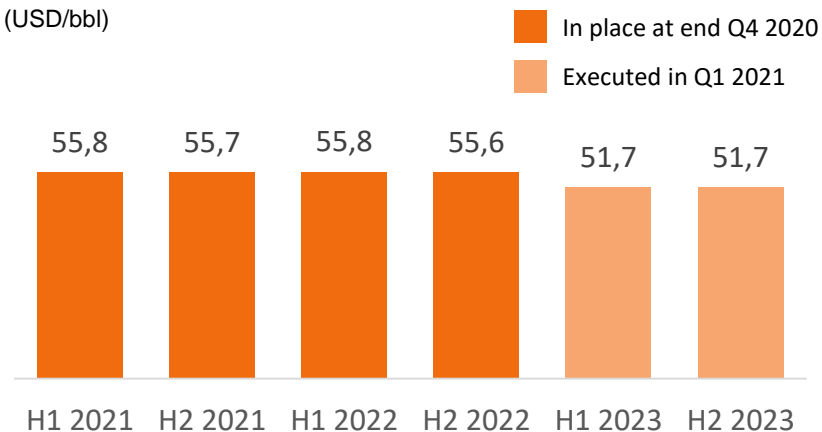
Price Hedging

- Existing price hedging arrangements delivered significant value during Q4 2020
  - Realized price of **USD 63.6/bbl** compared to average Brent price of USD **46.0/bbl**
- RBL hedge policy: 50% (0-12 months), 40% (13-24 months), 30% (25-36 months) forecast production
  - Waiver of minimum 2023 hedge requirement received in Dec 2020 given ongoing market weakness
- Current hedge portfolio covers **13.8mmbbl** from 2021 to 2023, with 3.3mmbbl executed in Q1 2021

### Hedge Volumes



### Average Hedge Price



Volume Hedging

- Noreco received **USD 31 million** from the Liquids Protection Agreement with Shell during Q4 2020
  - The protection period under this agreement expired at the end of 2020

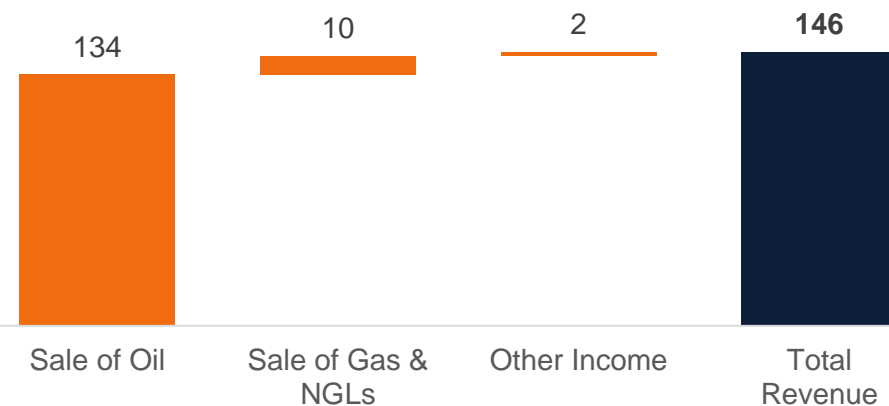


# Financial Statements: Q4 2020

(USD million unless otherwise stated)	Q4 2020	Q4 2019 <sup>(1)</sup>
<b>Operational</b>		
Production (mboepd)	25.5	31.7
Unit Field Opex (USD/boe) <sup>(2)</sup>	35.6	24.7
<b>Profit &amp; Loss</b>		
Revenue	146	172
Production Expense	(99)	(102)
EBITDA	39	61
Adj. EBITDA	73	118
EBIT	6	8
Net Result	16	51
<b>Cashflow</b>		
Operating Cashflow	96	138
Cashflow from Investing	(107)	(118)
Cashflow from Financing	7	131
Net Change in Cash	(4)	151
<b>Balance Sheet</b>		
Cash & Cash Equivalents	259	286
Bank Debt <sup>(3)</sup>	751	746
Net Interest Bearing Debt: Accounting	862	819
Net Interest Bearing Debt <sup>(4)</sup>	692	661

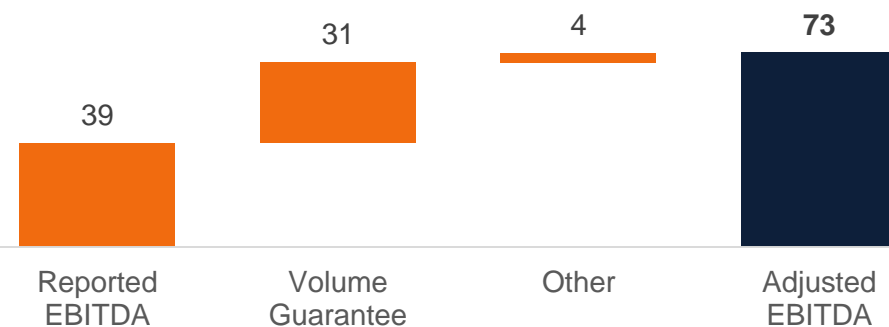
## Revenue: Q4 2020

(USD million)



## Adjusted EBITDA: Q4 2020

(USD million)



1) Restatement as a result of the revised purchase price allocation in relation to the acquisition of SOGU

2) Production expense in the period adjusted to exclude impact of over-lift and crude oil inventory movements and exceptional items

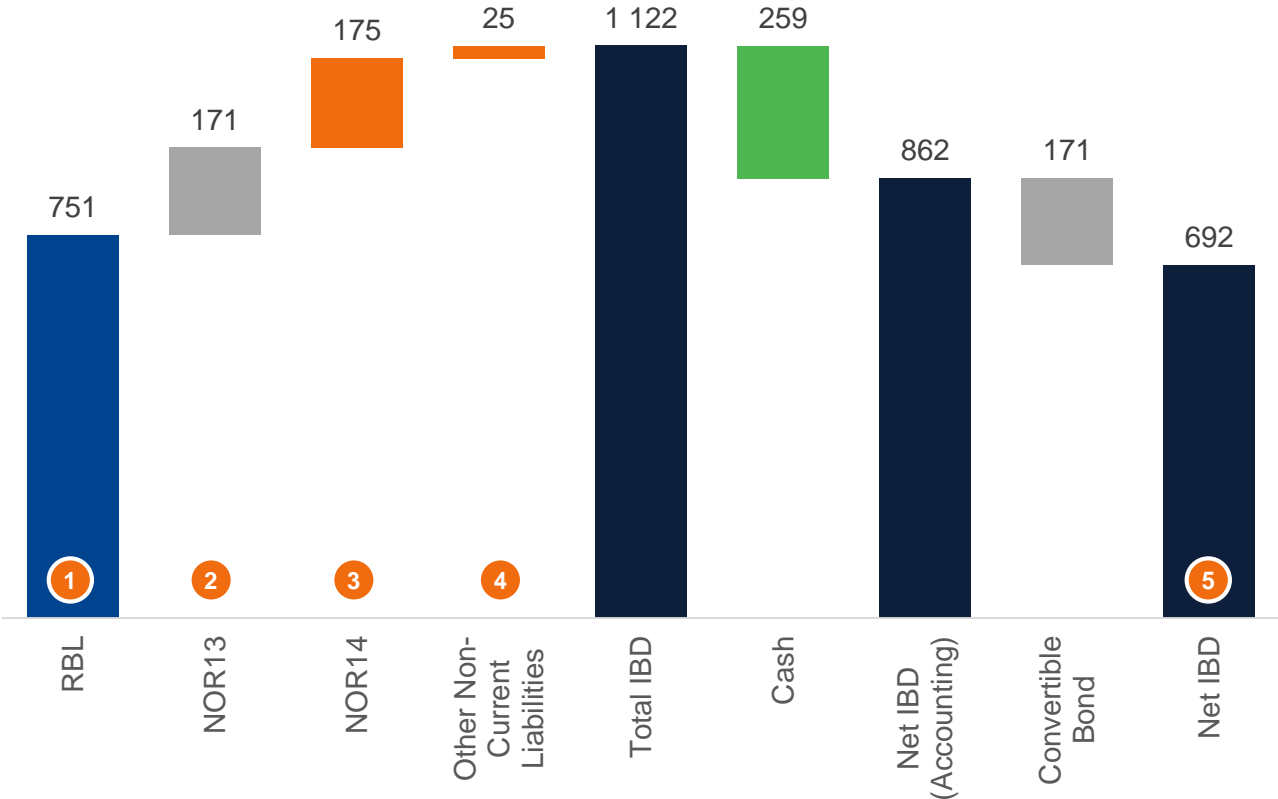
3) Reflects total principal outstanding; balance sheet values based on amortised cost

4) Excludes outstanding convertible bond (mandatory conversion to equity)

# Capital Structure: Q4 2020

## Net Debt Overview: 31 December 2020

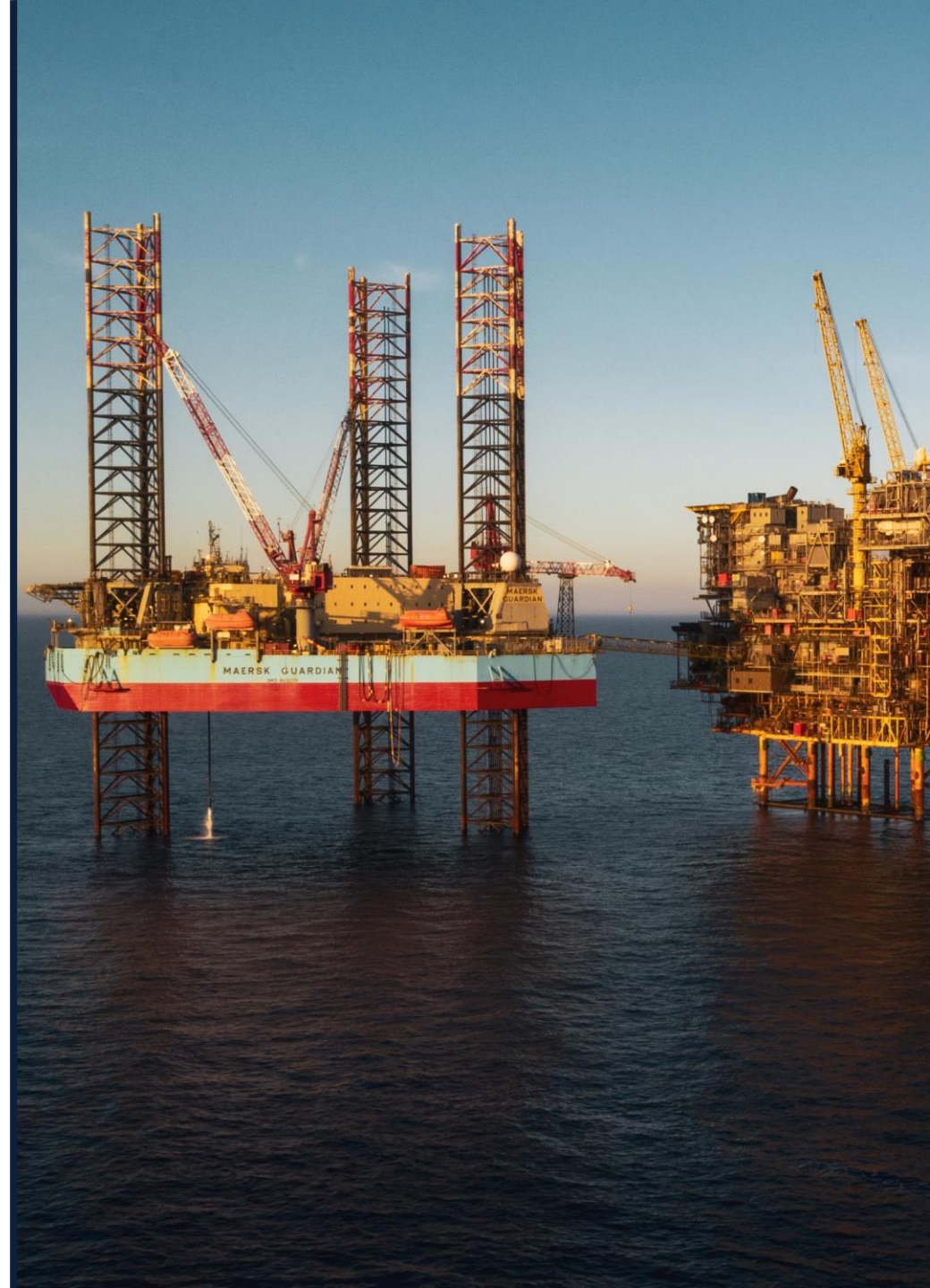
(USD million)



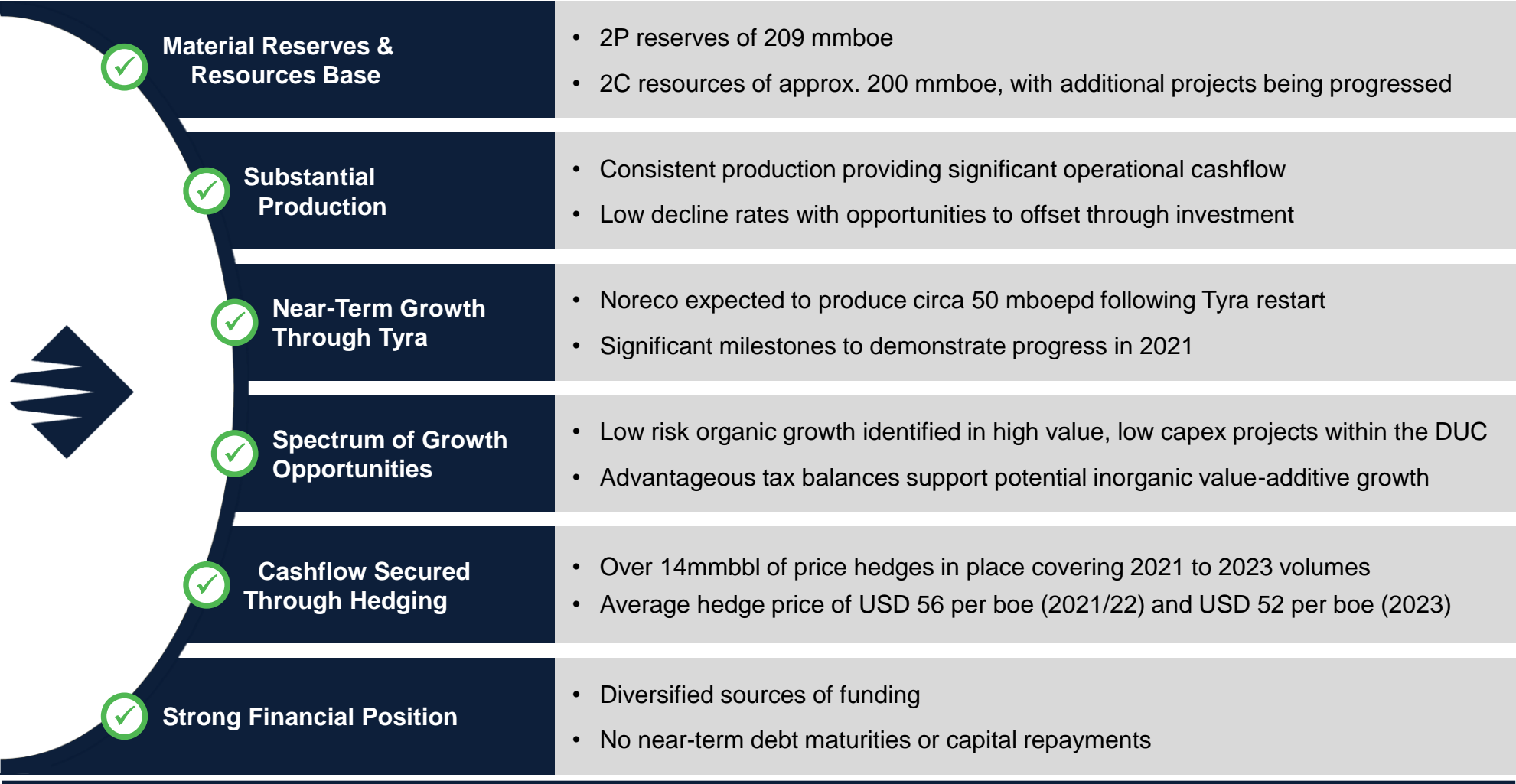
- 1** Reserve Based Lending Facility
  - USD 751 million drawn end Dec-20
  - Underwritten Amend, Extend (to 2028) and Increase (to \$1.1bn) announced Feb-21
- 2** NOR13 Convertible Bond
  - Subordinated bond with mandatory conversion to equity after five years
- 3** NOR14 Unsecured Bond
  - USD 175 million bond due 2026
- 4** Other Non-Current Liabilities
  - Deferred consideration of USD 25 million
- 5** Net Interest-Bearing Debt
  - Convertible bond excluded from the RBL and NOR14 net debt to EBITDAX covenant

1) Figures reflect drawn amount for debt instruments; balance sheet values based on amortised cost

# Closing Reflections



# Noreco: Attractive Long-Term Value Proposition



Contact: [ir@noreco.com](mailto:ir@noreco.com)