



Statoil

# Offshore from onshore

Site visit Stavanger/Bergen/ Stord

Statoil IR

4-5 October 2017



Statoil

## Opening remarks

Eldar Sætre, President and CEO  
4 October 2017, Forus



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# 1H 2017: Continued operating and financial progress

Hans Jakob Hegge, EVP and CFO  
4 October 2017, Forus

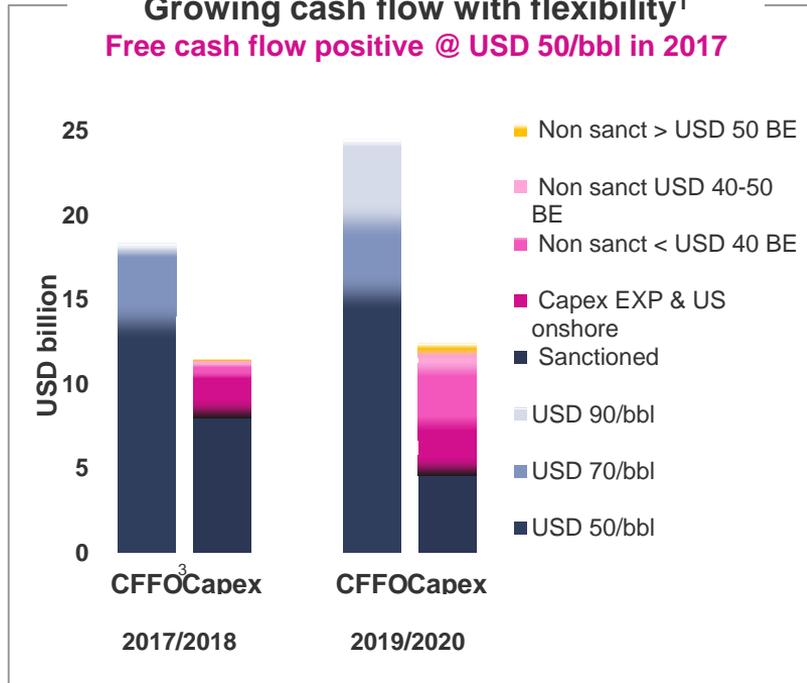
# 1H17: Continued operating and financial progress

	1H17	Guidance
<b>Cash flow</b>	\$4bn positive FCF @ \$52/bbl Brent	FCF positive at \$50/bbl Brent in 2017 (includes scrip to Q3 2017)
<b>Gearing</b>	Reduced by 8 percentage points from 35.6% to 27.5% YTD	Comfortable in 30s; 15-30% long-term target range
<b>Organic capex</b>	\$4.5 billion YTD	2017: USD ~11 billion Rising slightly to 2020
<b>OPEX / SG&amp;A costs per boe</b>	Continued progress on \$1bn improvement in 2017	\$1bn improvement in 2017 even from a better 2016 base
<b>Production</b>	Up 4% y/y <sup>1</sup>	2016-17: ~5% organic growth <sup>1</sup> (from ~4-5% previously); 2016-2020: ~3% organic CAGR

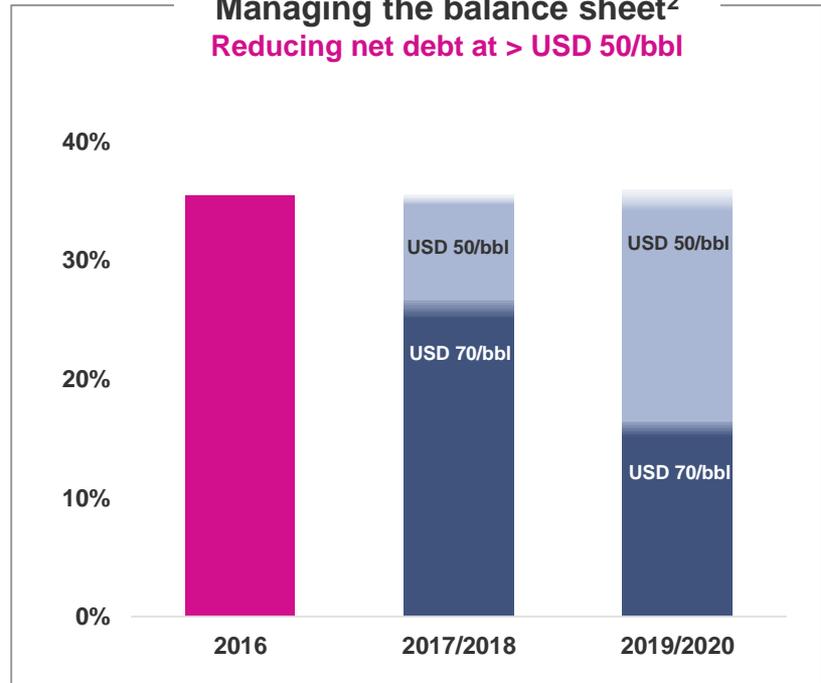
<sup>1</sup> Relative to 2016 production rebased for the sale of Canadian oil sands (Leismer) and PetroCedeno re-classification

# Strong cash generation – high value reinvestment

**Growing cash flow with flexibility<sup>1</sup>**  
**Free cash flow positive @ USD 50/bbl in 2017**



**Managing the balance sheet<sup>2</sup>**  
**Reducing net debt at > USD 50/bbl**



<sup>1</sup> For illustrative purposes; assumes 40% out-take rate for the remaining scrip programme period.

<sup>2</sup> In the price scenarios, the following real prices have been assumed (Brent Blend USD per barrel / NBP USD per million Btu): 50/5.5, 70/6.5 and 90/8.5

<sup>3</sup> Cash flow from operations.



Continued strong operational performance and cash flow

Arne Sigve Nylund, EVP Development & Production Norway (DPN)  
4 October 2017, Forus

# Norwegian continental shelf

Barents Sea

Norwegian Sea

North Sea

Southern & central parts of North Sea



Oil pipeline | Gas pipeline | Oil | Gas | Statoil operator | Statoil partner | 23rd licensing round | Other licenses

# Norwegian Continental Shelf

Maintain profitable production at today's level till 2030 and beyond



# DPN: Continued strong operational performance and cash flow

## 2017 and 2018 Focus

### Continued sustainable improvements:

- Continued safety improvements
- Improving production efficiency
- Adding new capacity – start-up of new fields
- Continue cost improvements

### Milestones in 2017-18:

- Start-up Gina Krog, Byrding and Aasta Hansteen
- DG3 planned for major projects
  - Johan Castberg
  - Johan Sverdrup future
  - Troll future
  - Snorre Expansion

### Cash generation:

- Significant cash generation at current price level – robust portfolio

## Progress 2017

### Safety improvements

- SIF 0.7 YTD Q2 2017

### Production efficiency at record level:

- Continued improvements planned and unplanned losses

### OPEX and SG&A reduction:

- 11% reduction NOK/ boe Q2 2017 vs Q2 2016
- 7% reduction NOK Q2 2017 vs Q2 2016

## Major NCS Projects

### World class projects



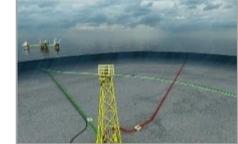
Johan Sverdrup



Troll future



Trestakk



Oseberg Vestflanken



Johan Castberg



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# Global gas markets developments

Jens Økland, EVP Marketing, Midstream and Processing (MMP)

4 October 2017, Forus

# MMP MAXIMISES VALUE ACROSS THE OIL, GAS AND ELECTRICITY VALUE CHAINS



## OPERATIONS

Safe, secure, efficient and low carbon



## FLOW ASSURANCE

and premium market access



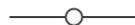
## VALUE CREATION

Asset Backed Trading (ABT) and value chain positioning



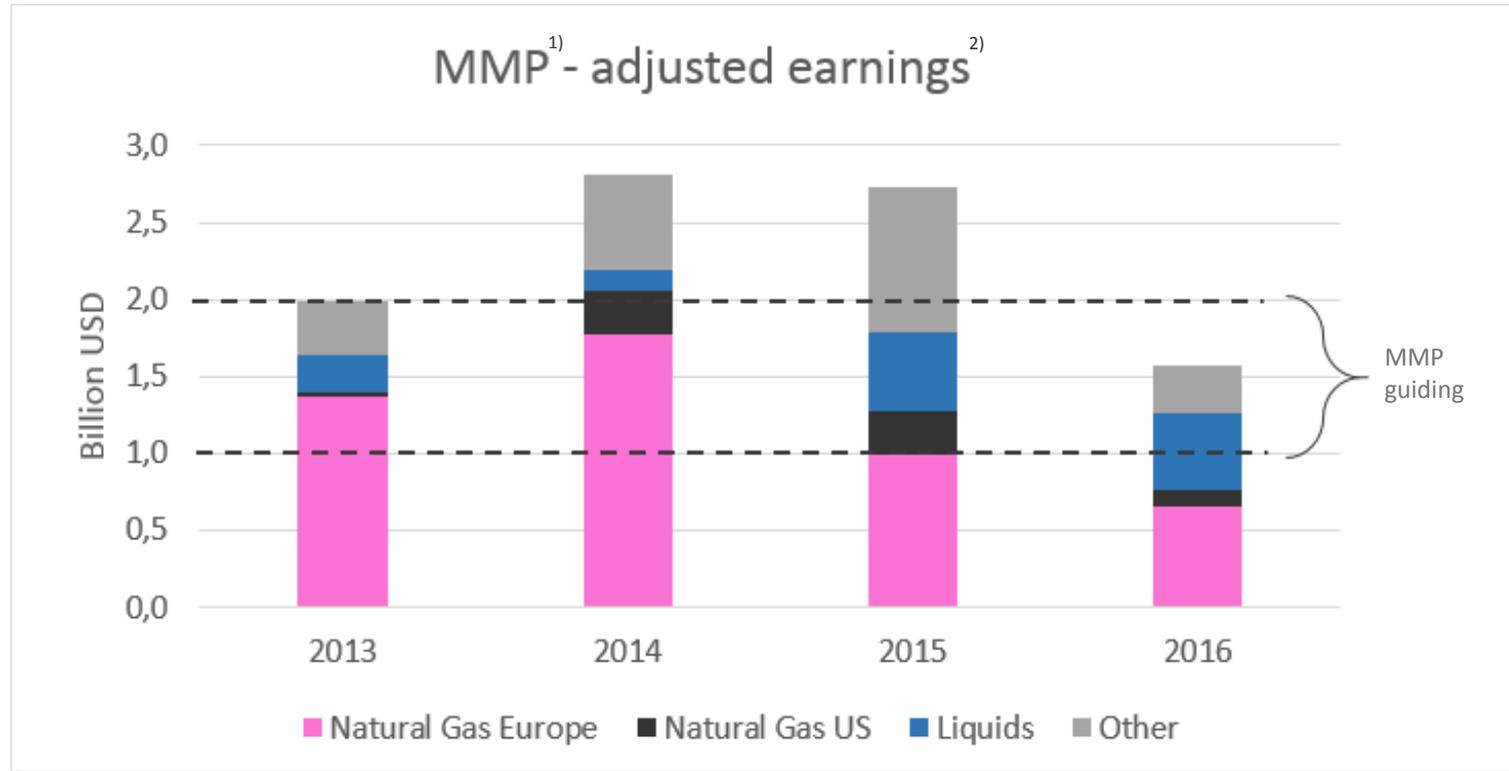
## LOW CARBON OPPORTUNITIES

in collaboration with NES



Always safe, high value, low carbon

# Statoil's mid- and downstream business demonstrates resilience



<sup>1</sup> Marketing, Midstream & Processing (MMP). Before 2015: Marketing, Processing and Renewables (MPR)

<sup>2</sup> Before tax  
Source: Statoil

# European gas

Several elements are driving the market

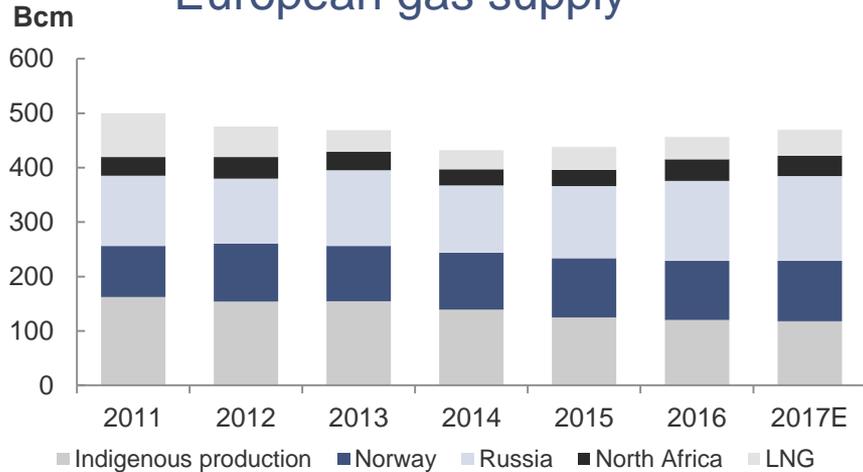


Source: Statoil

# European supply factors

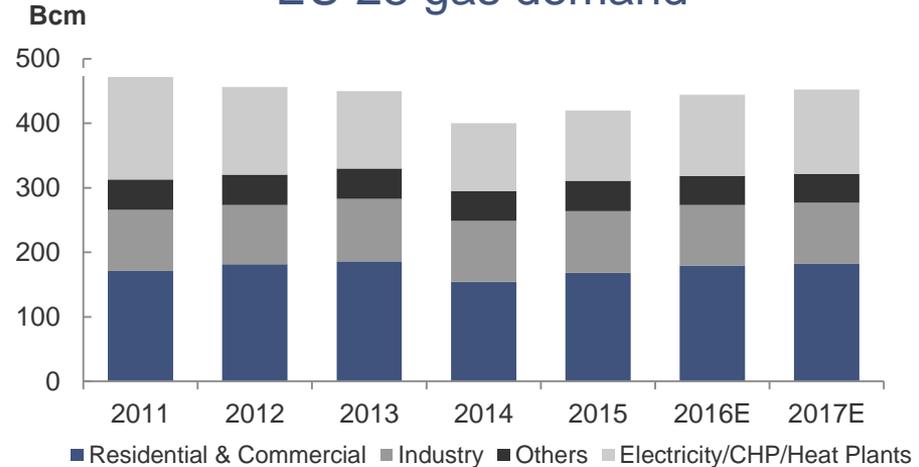
Imports compensating for reduced indigenous production and LNG

## European gas supply



- Domestic production in steep decline
- Record high pipeline imports
- Imports will continue to grow

## EU 28 gas demand



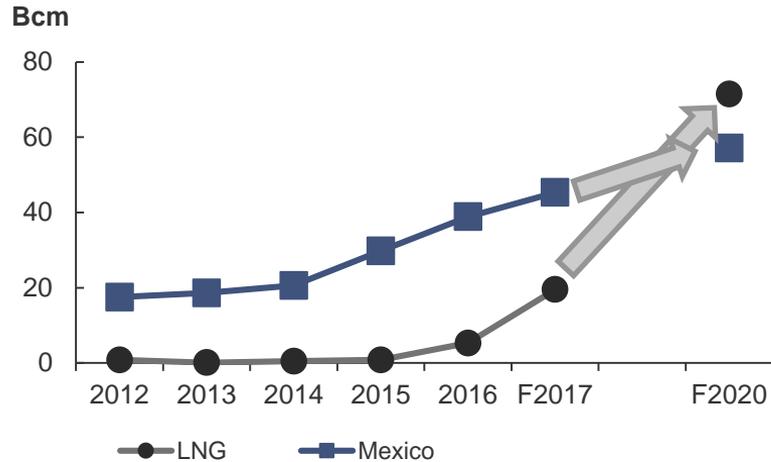
- Firm gas to power consumption in Europe
- Storage replenishment push demand upwards
- Economic recovery in the Eurozone

\*Excluding exports to Turkey and the Baltic region

Source: IEA, NAM, GSE, TSO's in Europe, Gassco, PIRA, Statoil

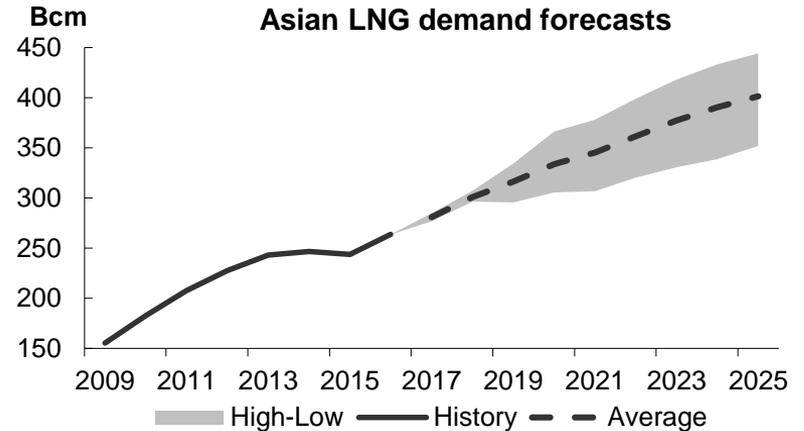
# US LNG exports and Asian LNG demand

## US Gas export outlook



- Imports shifted to export
- Growing exports to Mexico
- LNG exports taking off

## Asian LNG demand



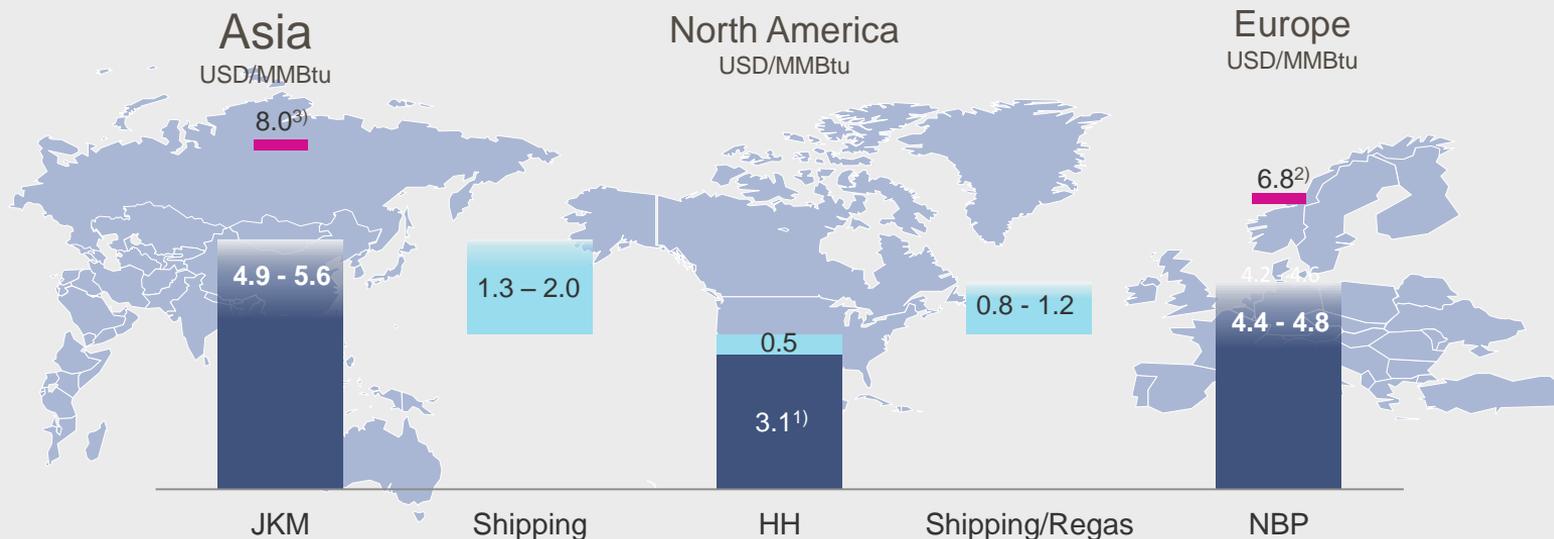
- Air quality targets in China and South Korea
- Concerns over safety of nuclear power
- Demand growth from new markets

Source: EIA, IHS, Statoil

# Globalizing gas – flows according to price signals

## US LNG currently in the money

Short-run marginal cost ranges for US Winter 2017/18 LNG supply to Asia and Europe, and prices



Source: NYMEX, ICE, Platts, Pira, Statoil ASA

1 NYMEX Henry Hub Forward curve for Winter 2017/18 – 25 Sep 2017

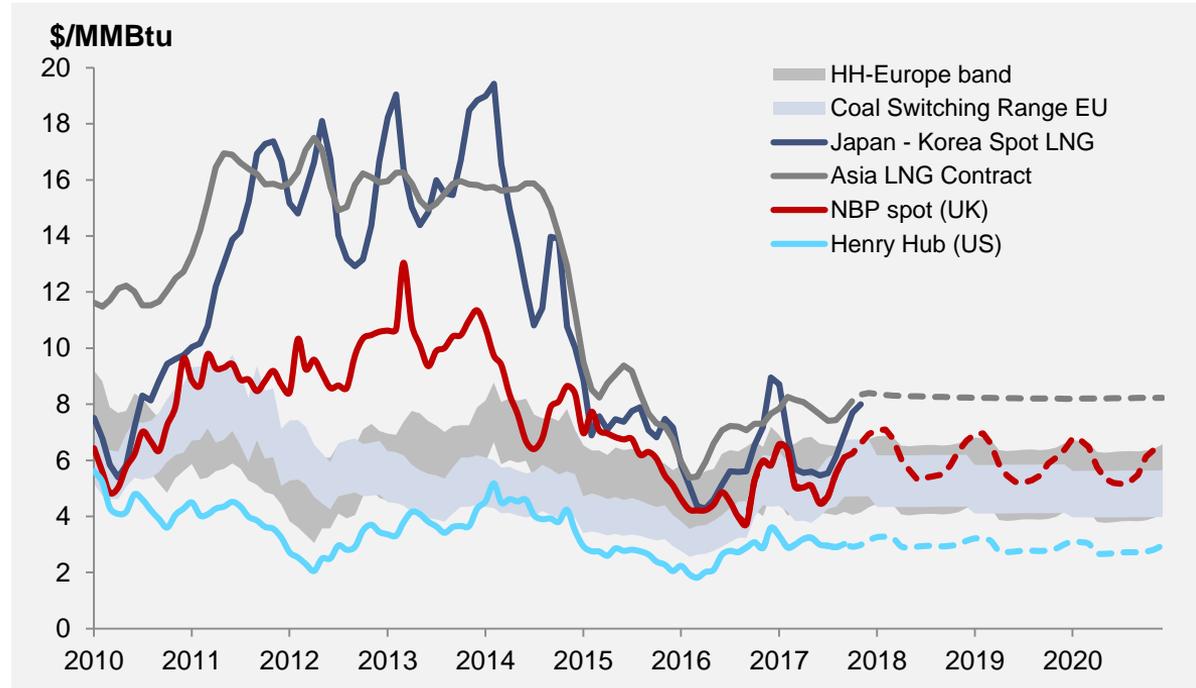
2 ICE NBP Forward curve for Winter 2017/18 - 25 Sep 2017

3 Platts JKM (Asia LNG December deliveries – 25 Sep 2017

# Concluding remarks

## Gas markets are globalizing

- European winter could be tighter than expected
- Firm global LNG demand short term
- Chinese environmental policy could increase gas demand above 300 Bcm by 2021



Thank you



# Continuous improvement

Jannicke Nilsson, EVP and COO  
5 October 2017, Sandsli

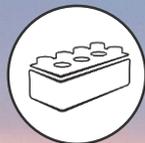
# COO | enabling safe and efficient operations



Step-change in  
safety & security  
performance



Continuous  
improvement



Simplification,  
standardisation &  
industrialisation



Future fit governance  
& organisation

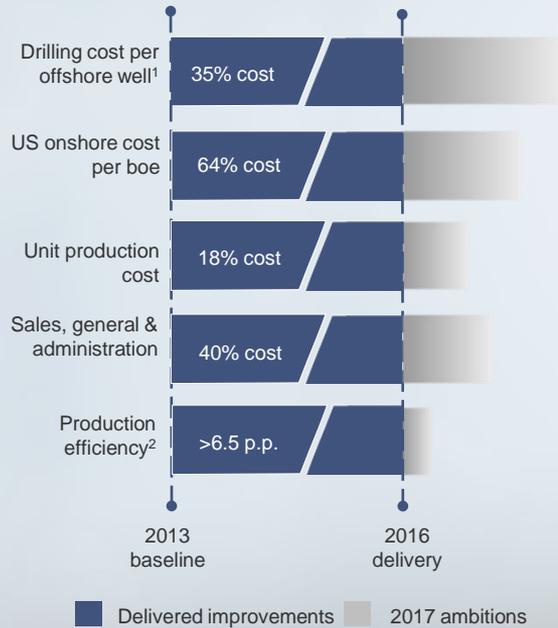


Digital  
transformation

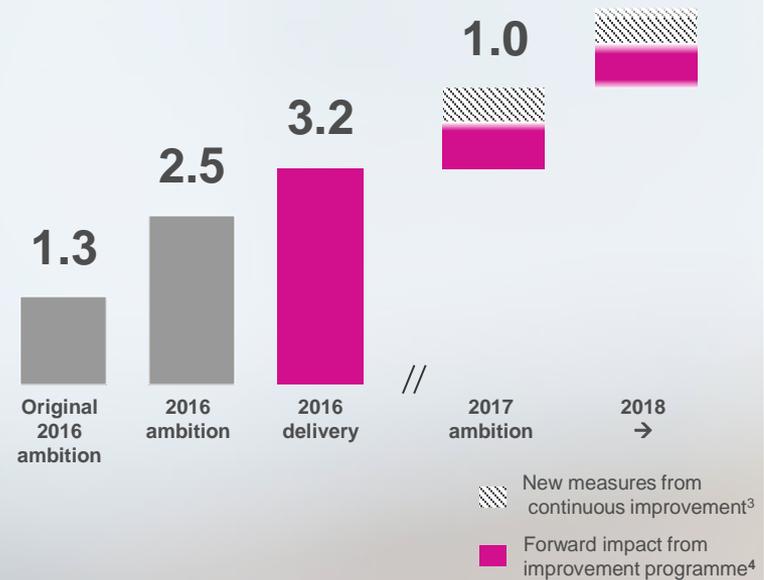
Ensuring **always safe**, high value & low carbon

# From programme to culture

## Unlocking further efficiency potential



## Continuous improvement [USD billion]



1 Production wells  
 2 NCS production efficiency  
 3 Annual continuous improvement from 2017  
 4 Realisation of estimated facility effects compared to 2013 baseline

# The ambition is to become a digital leader within our core areas

## Safety, security and sustainability

Become an industry leader on safety, security and sustainability by leveraging digital technologies

## Productivity

Leverage digital to maximise recovery, minimise downtime and become the most productive operator

Always safe | High value | Low carbon

## Cost Efficiency

Maintain a competitive cost advantage globally by being leader on digital lean processes

## Capabilities and culture

Further develop the organisation underpinned by a broad suite of digital competencies



# Statoil's digital roadmap

1. Digital safety, security & sustainability

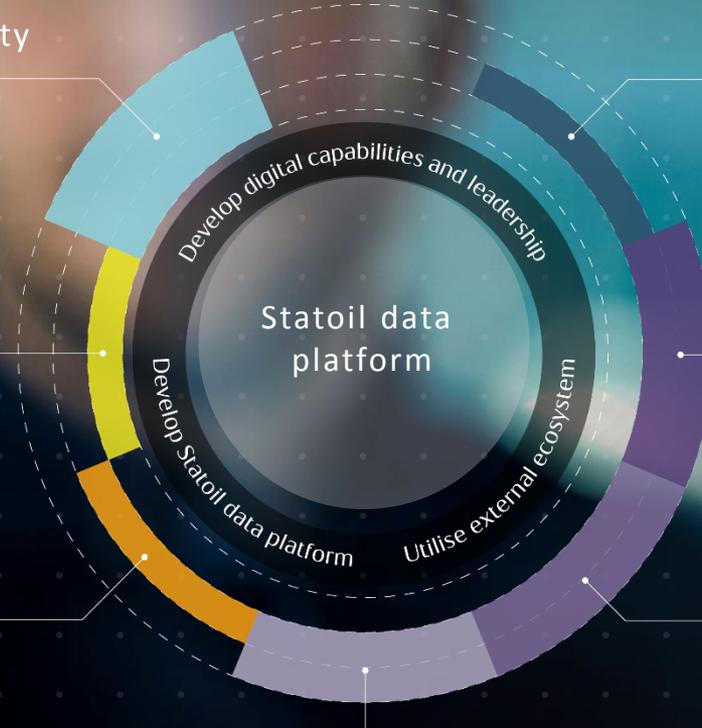
2. Subsurface analytics

3. Next generation well delivery

6. Process digitalisation & insight

5. Data driven operations

4. Field of the future





# Ambitious plans-strong delivery

Margareth Øvrum, EVP Technology, Projects & Drilling (TPD)

5 October 2017, Sandsli

# Lifting weights all summer!



Aasta Hansteen



Njord



Cat J



Oseberg Vestflanken



Hywind



Johan Sverdrup



Mariner

# World class project portfolio and exploration plan

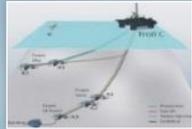
## Statoil projects sanctioned in 2016/17



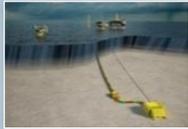
Oseberg  
Vestflanken II



Peregrino II



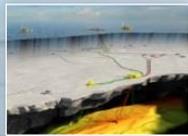
Byrding



Utgard



Njord Future  
& Bauge



Trestakk

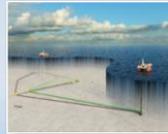
## Project opportunities



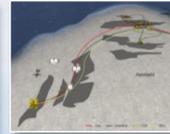
Johan Sverdrup  
Future



Johan Castberg  
Future



Snorre  
Expansion



Askeladd



Troll Future



Krafla/Askja

## Long term opportunities



Barents



Subsea  
tie-backs



Bay du Nord



Brazil



Tanzania



Wind

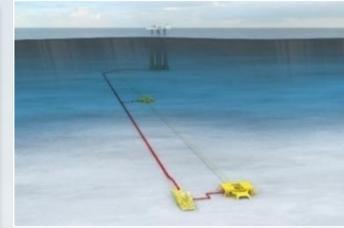
## 2017 Exploration Drilling Plan



# The Troll Projects

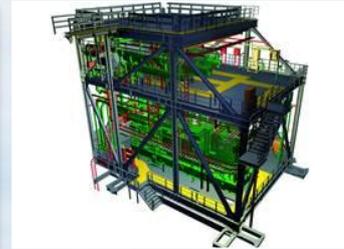
## TROLL PHASE 3

- Subsea development with 8 gas wells. Tie-back to Troll A
- Sanction June 2018
- Planned start up: 2Q 2021



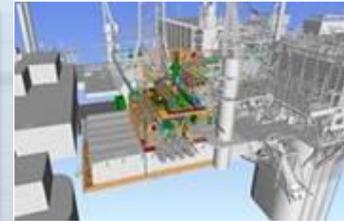
## TROLL B GAS MODULE

- IOR development by adding new gas handling capacity at Troll B
- Sanctioned August 2016
- Planned start up: 4Q 2018



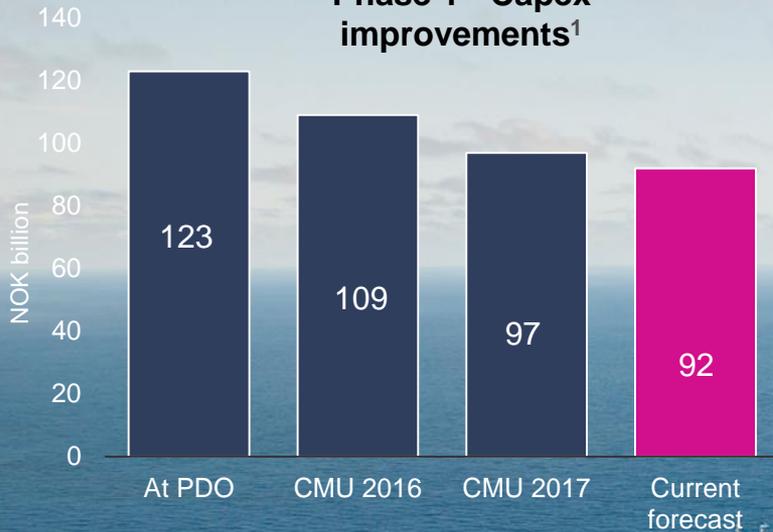
## TROLL C GAS MODULE

- Install new module to increase gas capacity on Troll C
- Sanctioned September 2017
- Planned start up: 4Q 2019



# Johan Sverdrup

## Phase 1 - Capex improvements<sup>1</sup>



## Project status

Project Completion (Phase 1)  
**~60%**

Carbon Intensity (CO2 kg / bbl)  
**~0,5**

Recovery Ambition  
**70%**

Production Capacity (bopd)  
**660 000**

Production Horizon (yrs)  
**50+**

Resources (bbl)  
**2-3bn**

Full field Break Even Below (USD / bbl)  
**25**

<sup>1</sup> Numbers in NOK billion nominal, fixed currency and excluding IOR.



# Johan Sverdrup – the digital flagship

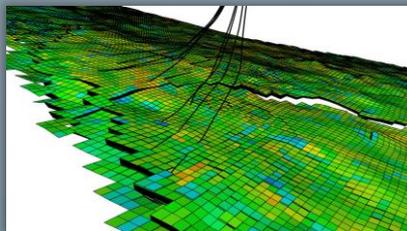
Digital Field Development



Data-driven Operations and Maintenance



Digital Subsurface



Automated Drilling



Data Platform, Data Quality, Data Science, Competence and Software

# Driven by innovation and technology

## Statoil Remotely Operated Factory1 Development roadmap

**Åsgard**  
*In operation*



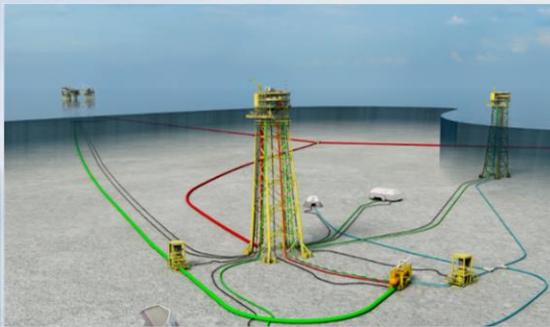
Subsea  
Compression

**Oseberg  
Vestflanken 2**  
*Ongoing*



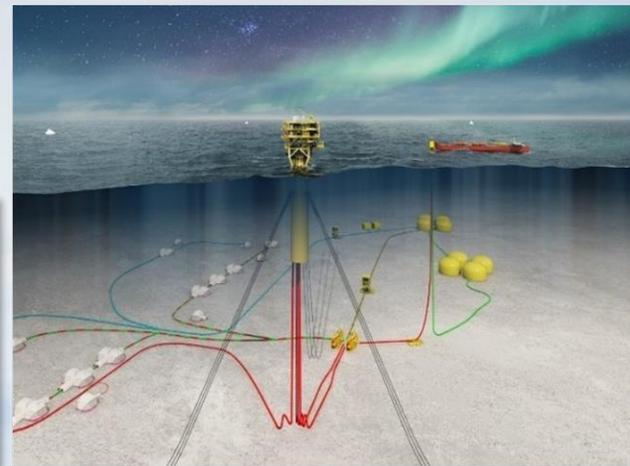
Unmanned  
Wellhead Platform  
(UWP™)

**Early phase projects**



Unmanned Production Platform  
(UPP™) supported by host

**Future projects**



Stand alone Unmanned Production  
Platform (UPP™)

Thank you



Statoil. The Power of Possible



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# Forward-looking statements

This report contains certain forward-looking statements that involve risks and uncertainties. In some cases, we use words such as "ambition", "continue", "could", "estimate", "expect", "focus", "likely", "may", "outlook", "plan", "strategy", "will", "guidance" and similar expressions to identify forward-looking statements. All statements other than statements of historical fact, including, among others, statements regarding plans and expectations with respect to market outlook and future economic projections and assumptions; Statoil's focus on capital discipline; expected annual organic production through 2017; projections and future impact related to efficiency programmes; capital expenditure and exploration guidance for 2016; production guidance; Statoil's value over volume strategy; Statoil's plans with regard to its acquisition of 66% operated interest in the BM-S-8 offshore license in the Santos basin; Statoil's expected report on helicopter safety on the Norwegian continental shelf; organic capital expenditure for 2016; Statoil's intention to mature its portfolio; exploration and development activities, plans and expectations, including estimates regarding exploration activity levels; projected unit of production cost; equity production; planned maintenance and the effects thereof; impact of PSA effects; risks related to Statoil's production guidance; accounting decisions and policy judgments and the impact thereof; expected dividend payments, the scrip dividend programme and the timing thereof; estimated provisions and liabilities; the projected impact or timing of administrative or governmental rules, standards, decisions, standards or laws, including with respect to the deviation notice issued by the Norwegian tax authorities and future impact of legal proceedings are forward-looking statements. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons. These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including levels of industry product supply, demand and pricing; price and availability of alternative fuels; currency exchange rate and interest rate fluctuations; the political and economic policies of Norway and other oil-producing countries; EU developments; general economic conditions; political and social stability and economic growth in relevant areas of the world; global political events and actions, including war, political hostilities and terrorism; economic sanctions, security breaches; changes or uncertainty in or non-compliance with laws and governmental regulations; the timing of bringing new fields on stream; an inability to exploit growth or investment opportunities; material differences from reserves estimates; unsuccessful drilling; an inability to find and develop reserves; ineffectiveness of crisis management systems;

adverse changes in tax regimes; the development and use of new technology; geological or technical difficulties; operational problems; operator error; inadequate insurance coverage; the lack of necessary transportation infrastructure when a field is in a remote location and other transportation problems; the actions of competitors; the actions of field partners; the actions of governments (including the Norwegian state as majority shareholder); counterparty defaults; natural disasters and adverse weather conditions, climate change, and other changes to business conditions; an inability to attract and retain personnel; relevant governmental approvals; industrial actions by workers and other factors discussed elsewhere in this report. Additional information, including information on factors that may affect Statoil's business, is contained in Statoil's Annual Report on Form 20-F for the year ended December 31, 2015, filed with the U.S. Securities and Exchange Commission, which can be found on Statoil's website at [www.statoil.com](http://www.statoil.com). Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this report, either to make them conform to actual results or changes in our expectations.

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