



# Managing the cycle

Eldar Sætre, CFO

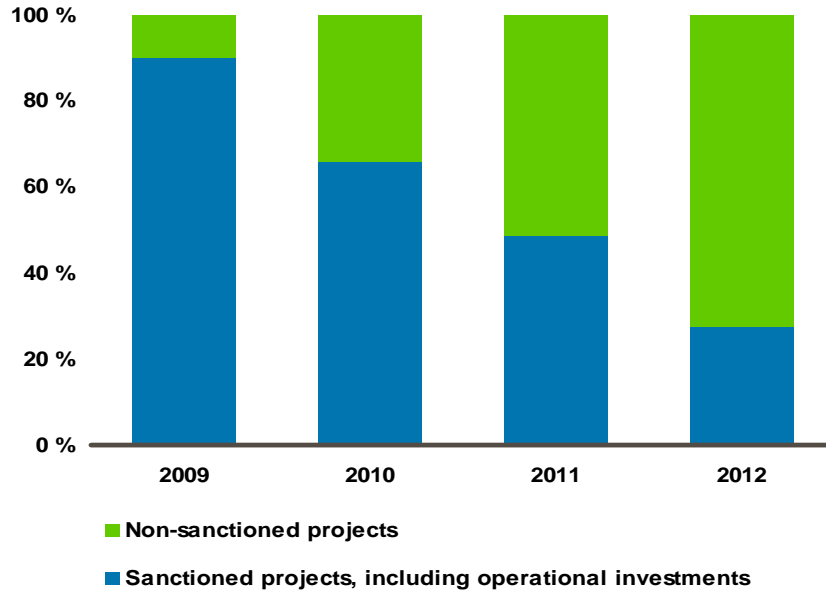
Strategy update, London, 14 January 2009

# Managing the cycle

- Solid financial position
- Strong competitive position
- Large portfolio flexibility
- Firm dividend policy



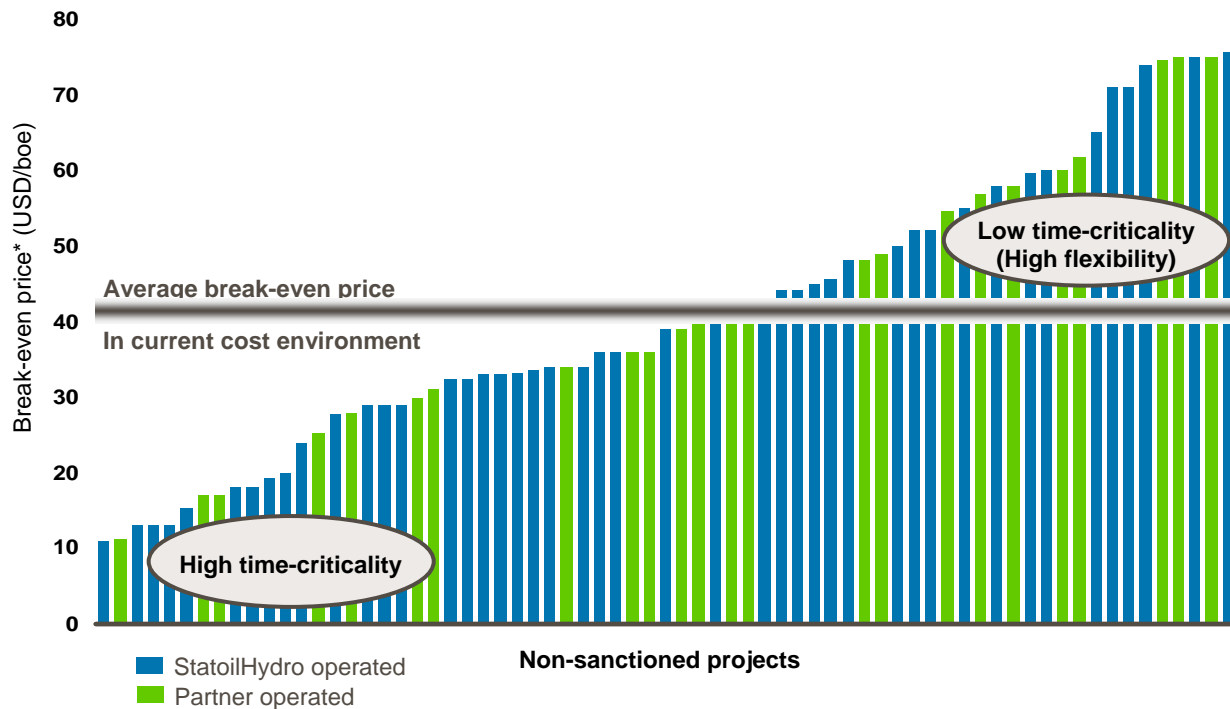
# Using capex flexibility



Manage portfolio to:

- Ensure financial robustness
- Benefit from expected softening cost environment
- Improve project quality

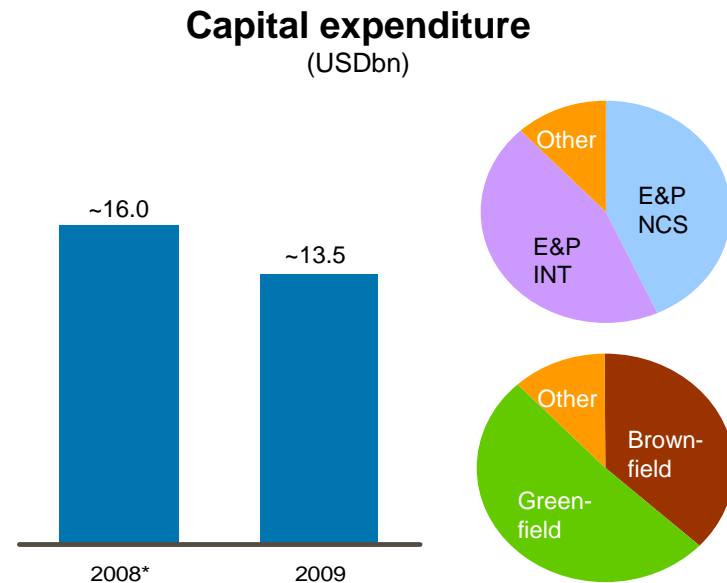
# Robust portfolio with optionality



\*Estimated project NPV equals zero at StatoilHydro's hurdle rate

# Capital expenditure forecast 2009

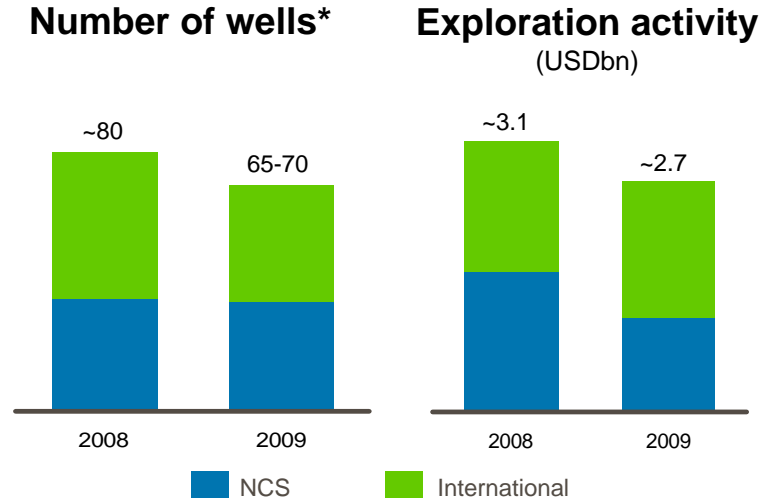
- Strict prioritisation and high-grading
  - Non-sanctioned projects
  - Operational investments
  - Downstream investments
- Eight new projects in production in 2009
  - Avg break-even price USD~35/boe



\*Forecast 2008 includes USD 3.5bn in acquisition cost. Forecast 2009 is excl of acquisitions

# Exploration high-grading

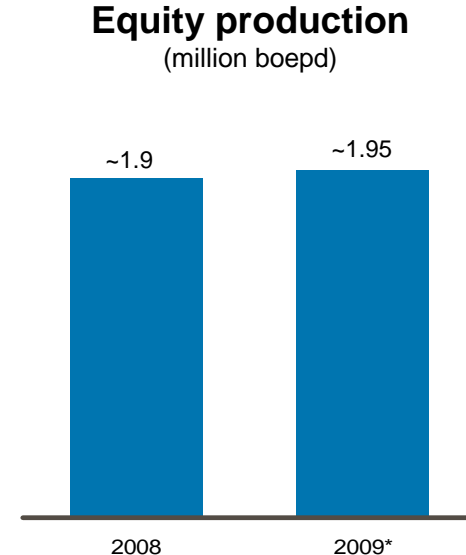
- Exploration as primary growth tool
- High-grading of large portfolio
- Rigs secured for 2009
- Positioned for expected softening rig market



\*Excluding exploration extensions

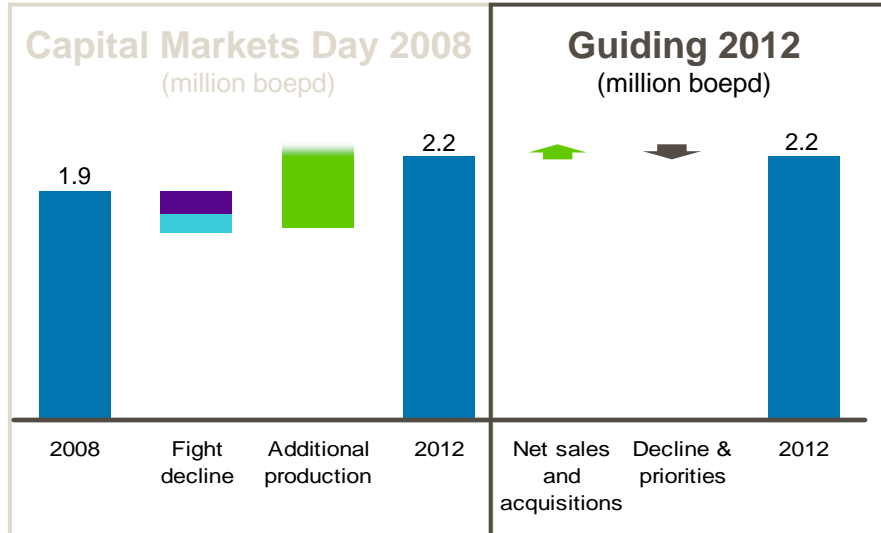
# Production growth in 2009

- Delivering on 2008 guiding
- 2009 production affected by:
  - Kvitebjørn repair
  - ACG gas leakage
  - Change in contractual terms
- Manage decline through drilling efficiency, regularity and IOR
- Effect of planned turnarounds ~40 thousand boepd



\*2009 Guiding excludes any OPEC quota impact

# Growth outlook towards 2012 maintained

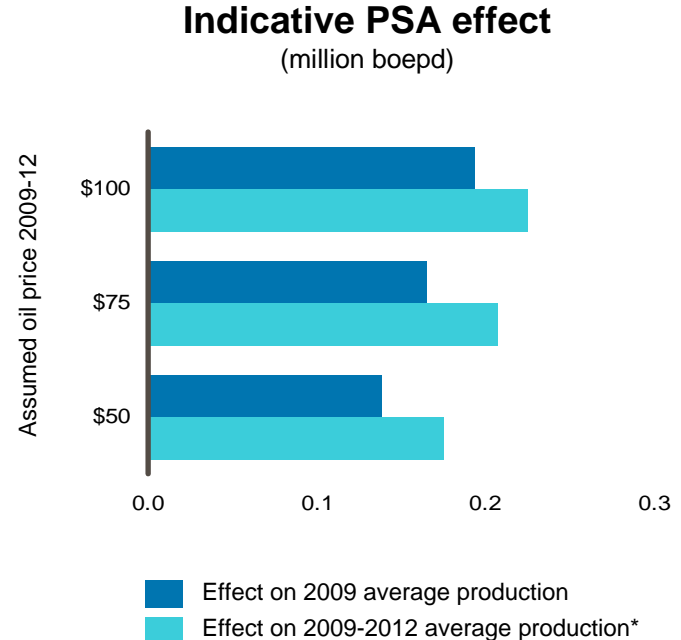


- Net sales and acquisitions
  - Marcellus (US shale gas)
  - Peregrino (Brazil)
  - GoM shelf and UK divestments
- Change in contractual terms
- Impact from prioritisation/decline
  - High-grading of exploration and operational investments
  - Avg portfolio decline rate: ~5%



## Indicative PSA effects

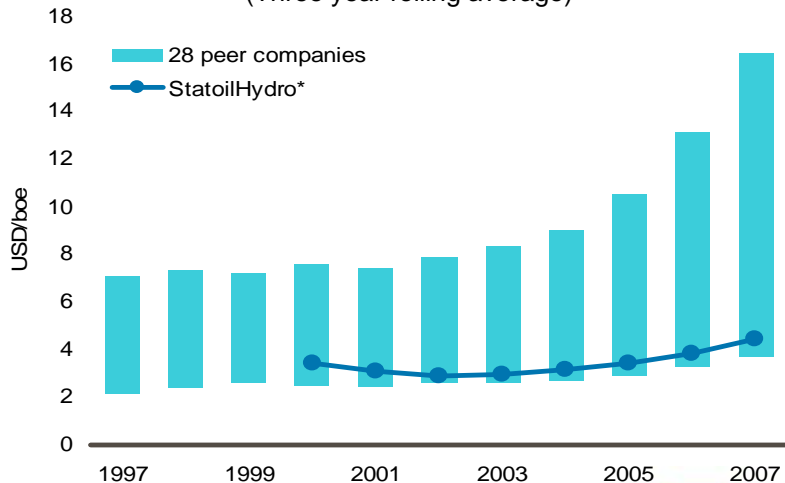
- ~60% of international equity production in 2012 subject to PSA
- Limited effect of oil price changes going forward
- Lower PSA effect expected in 2009 compared to 2008



\*Guiding based on average prices for the whole period

# Sustaining competitive unit production cost

## Historic unit production costs in industry (Three year rolling average)



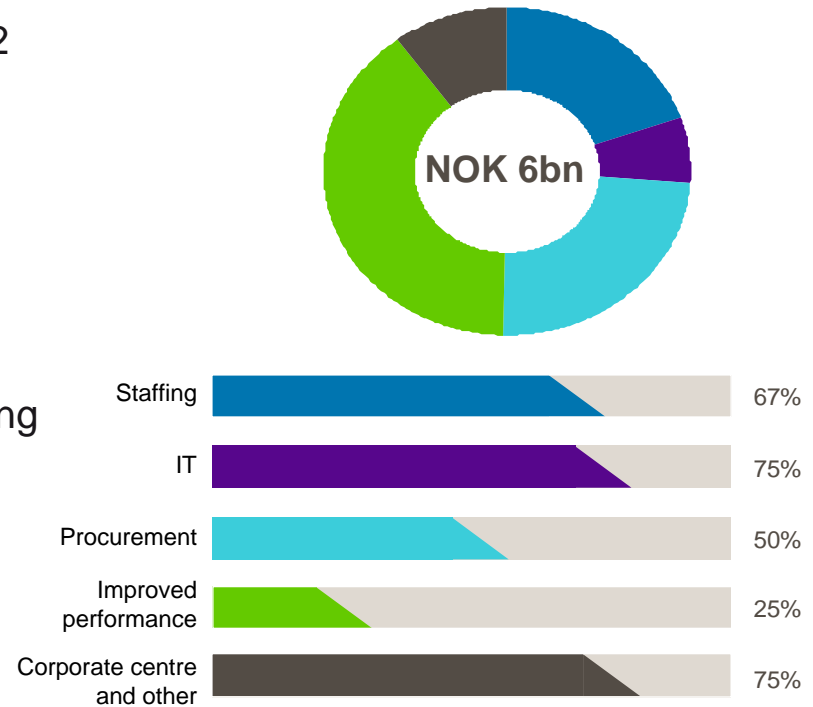
Source: 

- Guiding on unit production cost in 2009-12 maintained at NOK 33-36/boe\*
- 2009 unit production cost in the upper range due to:
  - High maintenance
  - New fields in ramp-up
  - Current weak NOK versus USD

\* Unit production cost, excluding gas purchase and StatoilHydro merger restructuring costs

# Value capture from the merger 50 per cent completed

- Phase 1 downsizing completed, phase 2 ongoing
- Good progress on cost reductions and elimination of parallel functions
- Best practice implementation continues beyond 2009
- Significant consolidated tax benefits going forward arising from the merger\*



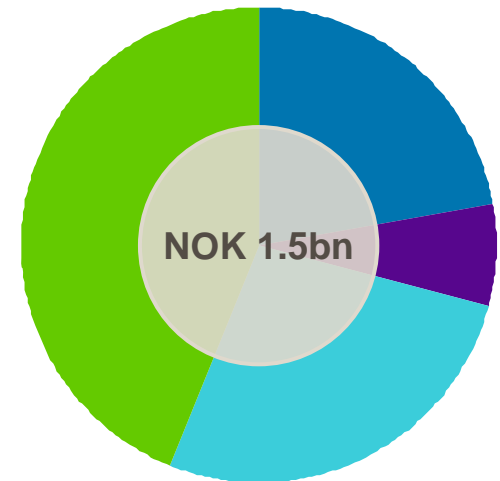
\* Not included in the NOK 6bn

# Additional cost reductions

- Corporate costs
- IT investments
- Business development activity
- Other administrative services

➤ **Total annual savings of around NOK 1.5bn**

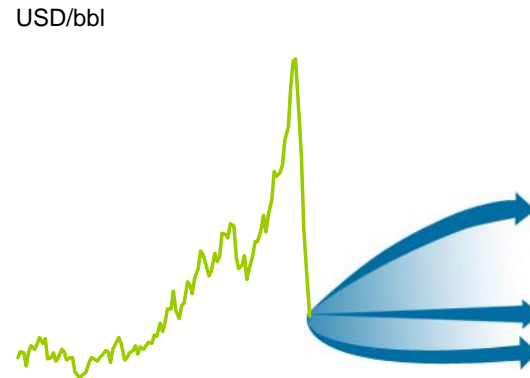
**Savings before tax**



# Active financial management

- Committed to dividend policy
- Funding plan established
- Cash flow neutral\* in 2009 at USD ~55/bbl (before dividend)

## Prepared for uncertainty



\*Cash flows from operational activities (after tax) equals cash flows used in investing activities

# Guiding

- 4Q2008: significant currency impact
- Equity production
  - 2009: 1.95 million boepd
  - 2012: 2.2 million boepd
- Capex 2009: USD ~13.5bn
- Exploration 2009:
  - Expenditure, USD ~2.7bn
  - Activity, 65-70 wells
- Unit production cost:
  - 2009-2012: NOK 33-36/boe
  - 2009: Upper range



# Managing the cycle

Solid financial position

Firm dividend policy

Strong competitive position



Funding plans established

Large portfolio flexibility and cost management

Maintain 2012 production guidance

# Forward looking statements

This presentation contains certain forward-looking statements that involve risks and uncertainties. In some cases, we use words such as "believe", "intend", "expect", "anticipate", "plan", "target" and similar expressions to identify forward-looking statements.

All statements other than statements of historical fact, including, among others, statements such as those regarding: plans for future development and operation of projects; reserve information; expected exploration and development activities and plans; expected start-up dates for projects and expected production and capacity of projects; the expected impact of the "sub-prime" financial crisis on our financial position to obtain short term and long term financing, the expected impact of USDNOK exchange rate fluctuations on our financial position; oil, gas and alternative fuel price levels; oil, gas and alternative fuel supply and demand; the completion of acquisitions; and the obtaining of regulatory and contractual approvals are forward-looking statements.

These forward-looking statements reflect current views with respect to 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 rates; political and economic policies of Norway and other oil-producing countries; general economic conditions; political stability and economic growth in relevant areas of the world; global political events and actions, including war, terrorism and sanctions; the timing of bringing new fields on stream; material differences from reserves estimates; inability to find and develop reserves; adverse changes in tax regimes; development and use of new technology; geological or technical difficulties; the actions of competitors; the actions of field partners; the actions of governments; relevant governmental approvals; industrial actions by workers; prolonged adverse weather conditions; natural disasters and other changes to business conditions. Additional information, including information on factors which may affect StatoilHydro's business, is contained in StatoilHydro's 2007 Annual Report on Form 20-F filed with the US Securities and Exchange Commission, which can be found on StatoilHydro's web site at [www.statoilhydro.com](http://www.statoilhydro.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 review, either to make them conform to actual results or changes in our expectations.



A photograph of three workers in orange safety suits and yellow hard hats standing on a metal platform overlooking the ocean. The platform is part of an industrial structure, possibly an offshore oil rig, with large metal pipes visible in the foreground. The sky is overcast and the ocean is blue with some whitecaps.

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