

# Enhancing value

London, 6 February 2015

Torgrim Reitan, Executive Vice President and Chief Financial Officer

# Forward-looking statements

This presentation 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 future financial position, results of operations and cash flows; changes in the fair value of derivatives; future financial ratios and information; future financial or operational portfolio or performance; future market position and conditions; business strategy; growth strategy; future impact of accounting policy judgments; sales, trading and market strategies; research and development initiatives and strategy; market outlook and future economic projections and assumptions; competitive position; projected regularity and performance levels; expectations related to our recent transactions and projects, completion and results of acquisitions, disposals and other contractual arrangements; reserve information; future margins; projected returns; future levels, timing or development of capacity, reserves or resources; future decline of mature fields; planned maintenance (and the effects thereof); oil and gas production forecasts and reporting; domestic and international growth, expectations and development of production, projects, pipelines or resources; estimates related to production and development levels and dates; operational expectations, estimates, schedules and costs; exploration and development activities, plans and expectations; projections and expectations for upstream and downstream activities; oil, gas, alternative fuel and energy prices; oil, gas, alternative fuel and energy supply and demand; natural gas contract prices; timing of gas off-take; technological innovation, implementation, position and expectations; projected operational costs or savings; projected unit of production cost; our ability to create or improve value; future sources of financing; exploration and project development expenditure; effectiveness of our internal policies and plans; our ability to manage our risk exposure; our liquidity levels and management; estimated or future liabilities, obligations or expenses and how such liabilities, obligations and expenses are structured; expected impact of currency and interest rate fluctuations; expectations related to contractual or financial counterparties; capital expenditure estimates and expectations; projected outcome, objectives of management for future operations; impact of PSA effects; projected impact or timing of administrative or governmental rules, standards, decisions, standards or laws (including taxation laws); estimated costs of removal and abandonment; estimated lease payments, gas transport commitments 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 directives; general economic conditions; political and social stability and economic growth in relevant areas of the world; the sovereign debt situation in Europe; global political events and actions, including war, terrorism and sanctions; security breaches; situation in Ukraine; 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, 2013, 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.

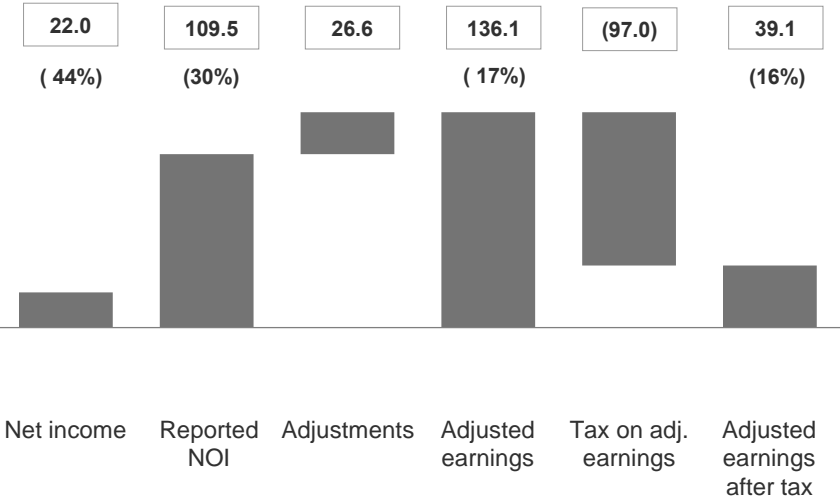
# 2014 | Strong operational quality

<b>Earnings</b>	Stable cost level, earnings impacted by prices and impairments
<b>Production</b>	Higher than expected due to strong regularity
<b>Capex</b>	USD 19.6 bn
<b>Reserves</b>	96% organic RRR
<b>Resources</b>	540 million boe added from exploration
<b>Projects</b>	On cost and schedule
<b>Portfolio</b>	USD 4.3 bn in proceeds from announced divestments
<b>Dividend</b>	NOK 7.20 per share <sup>1)</sup>

# Financial results negatively impacted by prices

## Full year 2014

NOK bn



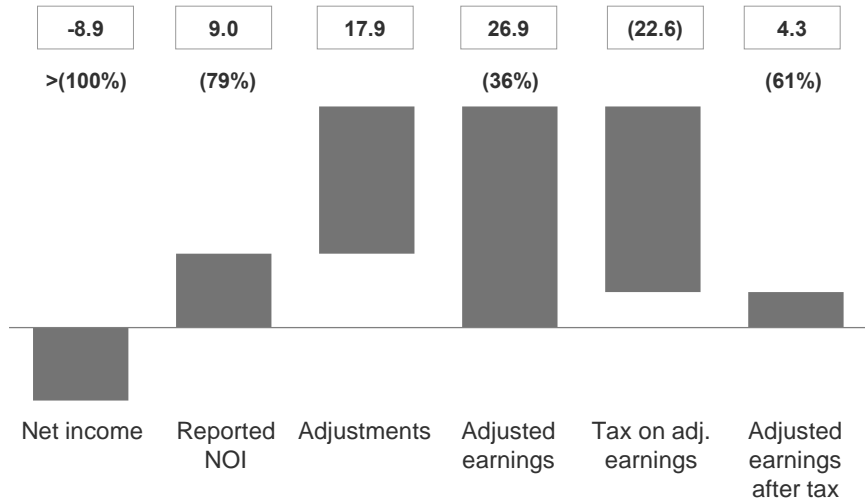
## Full year 2013

NOK bn



## Fourth quarter 2014

NOK bn



## Fourth quarter 2013

NOK bn



# Cost focus across the business

## Statoil Group<sup>1)</sup>

Strong operational quality



*Johan Sverdrup: Statoil recommended as operator*

## D&P Norway

High operational efficiency



*Valemon: New field on stream in the North Sea*

## D&P International

Impacted by exploration and US onshore



*Peregrino: High production regularity*

## MPR

Solid results from gas value chains



*Good results from European gas business*

NOK bn  
Adj.earnings

FY2014

FY2013

4Q'14

4Q'13

	Pre tax	After tax
FY2014	136.1	39.1
FY2013	163.1	46.4
4Q'14	26.9	4.3
4Q'13	42.3	11.0

	Pre tax	After tax
FY2014	105.5	29.1
FY2013	132.5	34.8
4Q'14	24.2	6.8
4Q'13	35.4	8.8

	Pre tax	After tax
FY2014	13.9	2.6
FY2013	20.7	8.1
4Q'14	(2.8)	(5.0)
4Q'13	3.6	0.5

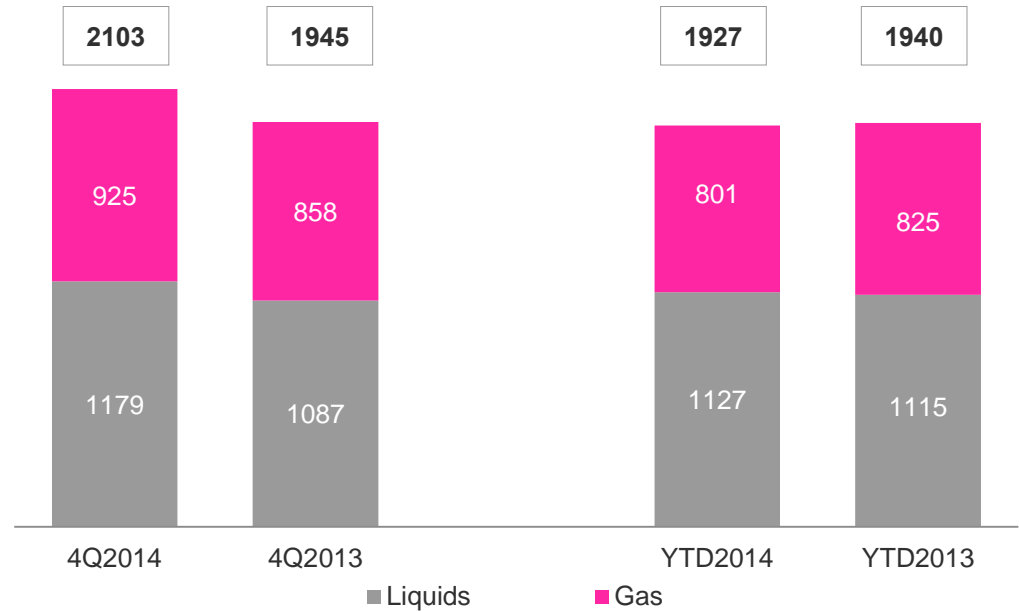
	Pre tax	After tax
FY2014	17.8	8.1
FY2013	11.1	4.2
4Q'14	5.1	2.2
4Q'13	3.7	1.7

# Strong production above guided level

- 4% organic growth YoY
- Record operational efficiency on NCS
- Record international production

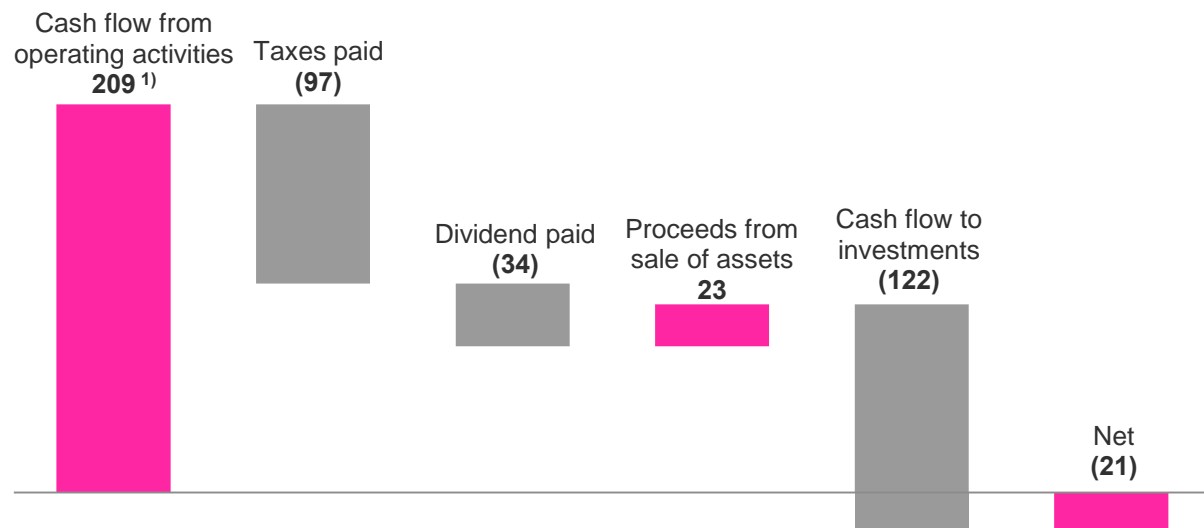
## Equity production

mboe/d



# Cash flow 2014 in line with expectations

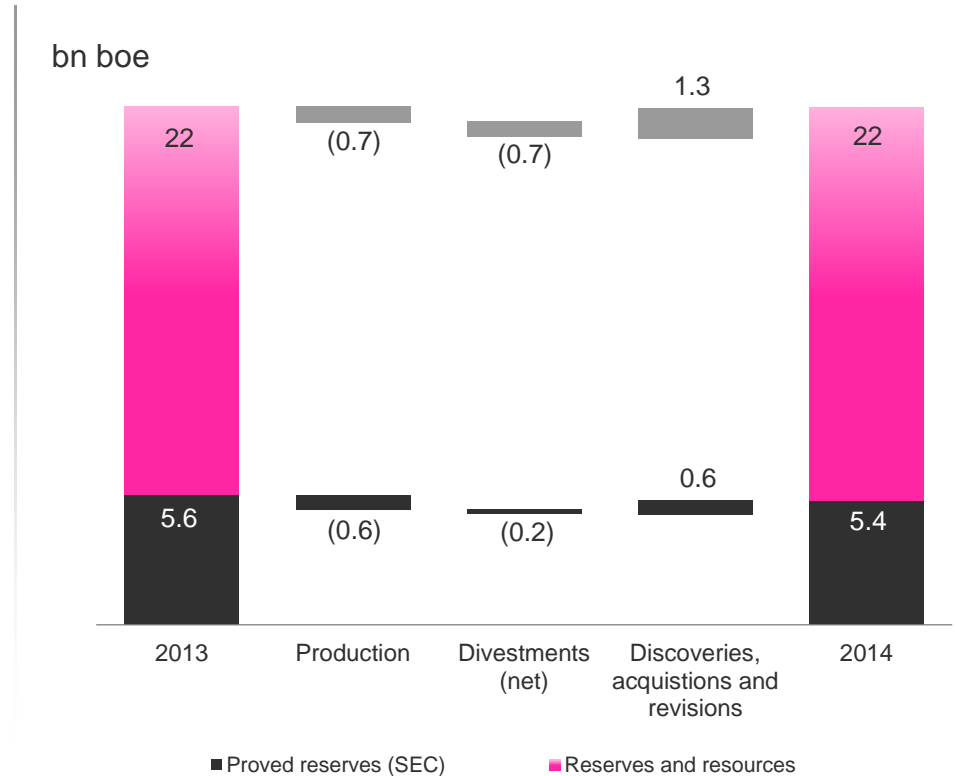
NOK bn



- Dividends paid for both 2013 and first two quarters of 2014
- Investments in line with guiding
- Net debt to capital employed at year end: 20%

# Organic RRR ~1

- Solid organic RRR in 2014; total RRR impacted by divestments
  - 96% organic RRR, 62% total RRR
  - Both organic and total RRR for liquids above 100%
  - 117% three-year average organic RRR
- IOR, revisions and extensions remain important contributors to reserve additions





# Firm priorities, stepping up commitments

## High **value** growth

- ~2% organic production growth 2014-16
- Reducing organic capex level to USD 18 bn in 2015
- FCF to cover dividend in 2016@100, 2017@80 and 2018@60
- Robust financials: Maintaining 15-30% net debt to capital employed

## Increase **efficiency**

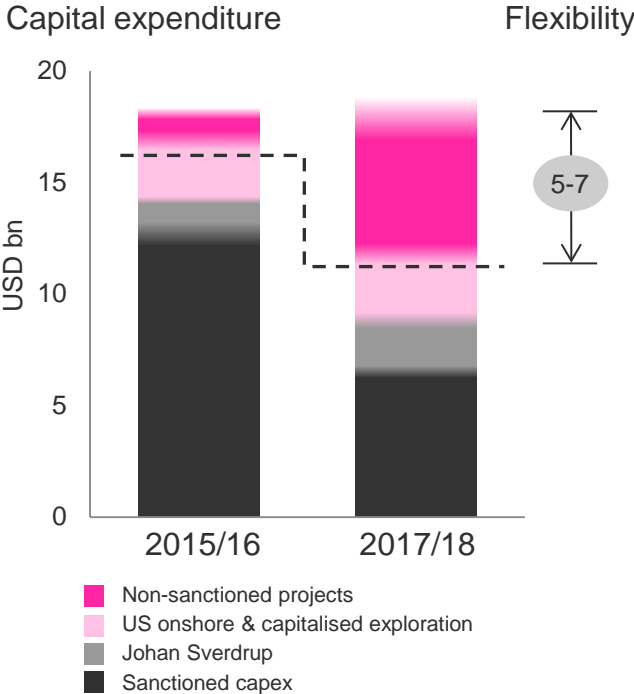
- USD 5 bn in cash improvements
- Increasing efficiency programme target by 30%
- Cash flow neutrality reduced by USD ~30 per barrel

## Prioritise capital **distribution**

- Firm dividend policy
- 4Q 2014 dividend maintained at NOK 1.80/share<sup>1)</sup>

# Prepared to use material flexibility

## Material flexibility in portfolio



## Flexibility from onshore and non-sanctioned projects <sup>1)</sup>

- |  |   |
|--|---|
| US onshore<br>Snorre 2040<br>Johan Castberg<br>Bressay<br>Krafla<br>Trestakk<br>Vito | Bay du Nord<br>Tanzania LNG<br>Pão de Açúcar<br>King Lear<br>Asterix<br>Peon<br>Lavrans |
|--|---|

**Opportunity to enhance value**

- Prioritising high value projects
- Lower costs
- Simpler concepts

## Growth to 2020 based on projects under execution <sup>1)</sup>

Start-up year

2015	2016	2017	2018	2019
Valemon	Ivar Aasen	Aasta Hansteen	Stampede	Johan Sverdrup <sup>2)</sup>
Goliat	Julia	Gina Krog		Peregrino phase II
Edvard Grieg	Heidelberg	Mariner		
Corrib		Gullfaks Rimfaksdalen		
Big Foot		Hebron		
		Hibernia SW		

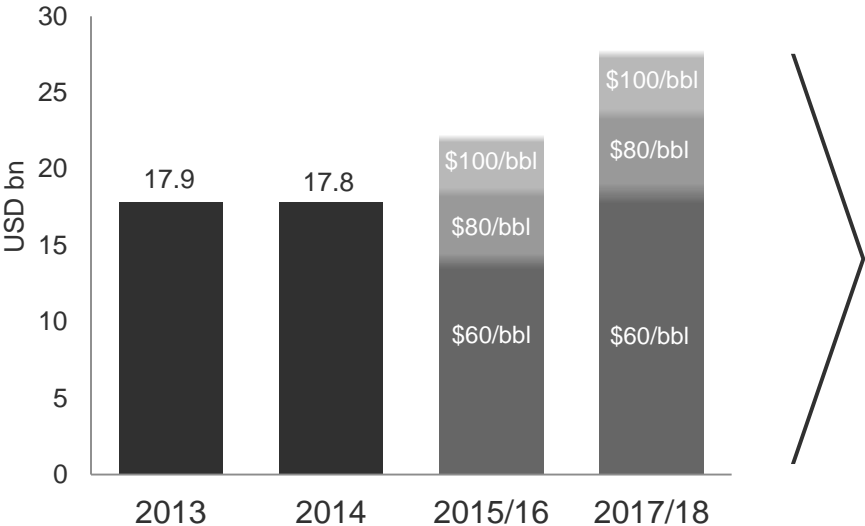
Statoil-operated projects  
Partner-operated projects

1) Project lists not exhaustive  
2) Expected sanctioned February 2015

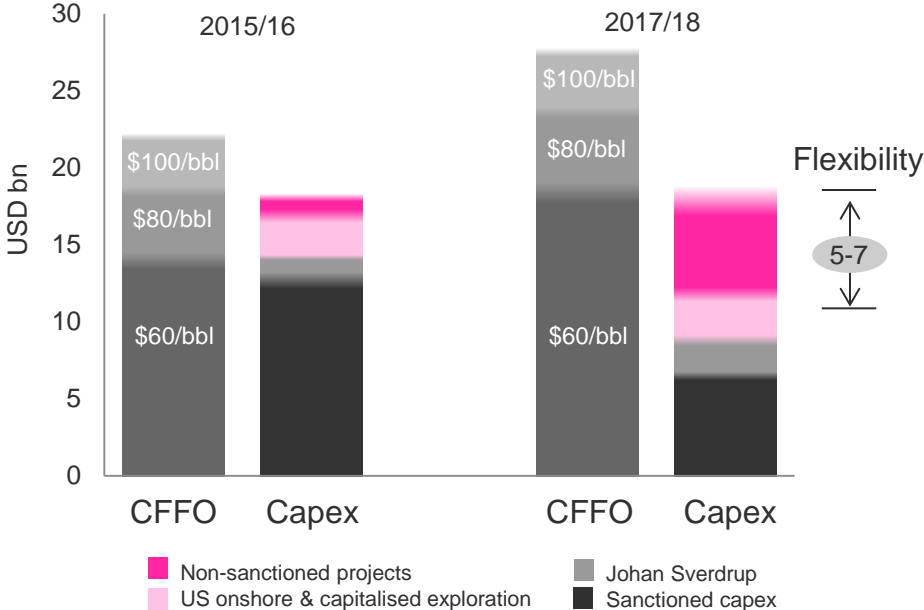


# Steering through volatility with strong cash flow

## Strong cash flow from operations (CFFO)



## Well positioned across scenarios

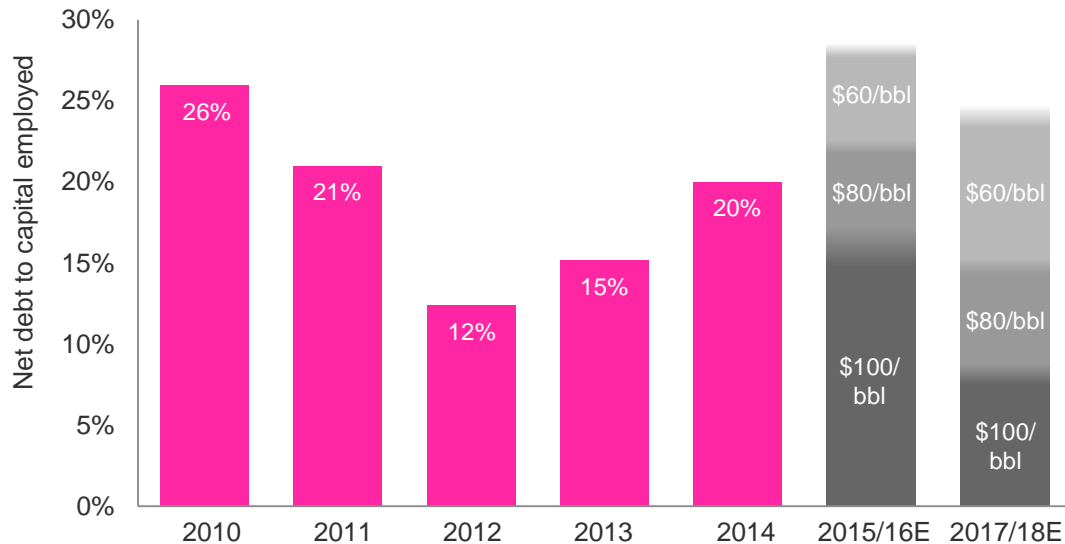


Average Brent price

Note: The various scenarios for CFFO also imply different operational assumptions. The \$100/bbl scenario assumes lower utilisation of capex flexibility while the \$60/bbl case assumes larger utilisation of capex flexibility.



# Robust financial framework

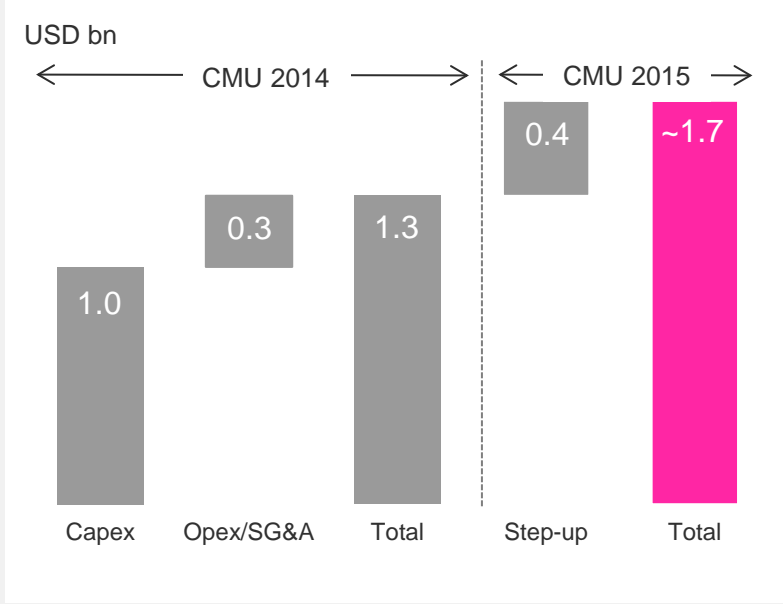


- Strong balance sheet to be maintained
  - A-category rating on stand-alone basis
  - Net debt to capital employed at 15-30%
- Long term financing
  - Average ~9 years to maturity
- Firm dividend policy
  - 4Q 2014 dividend of NOK 1.80 per share<sup>1)</sup>
- Share buy back remains part of toolbox

# USD 5 bn in cash improvements

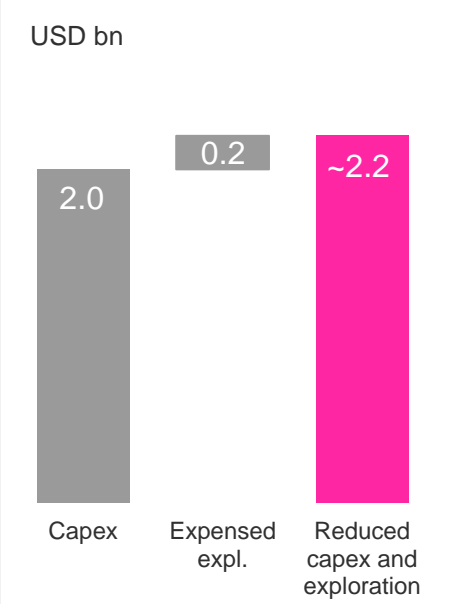
## Efficiency

Stepping up 2016 deliveries



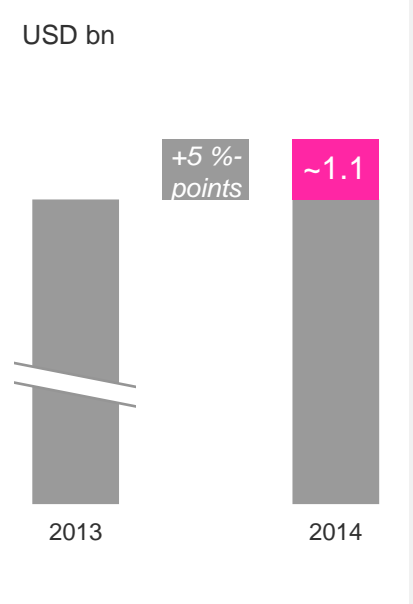
## Activity

Using flexibility (2015)

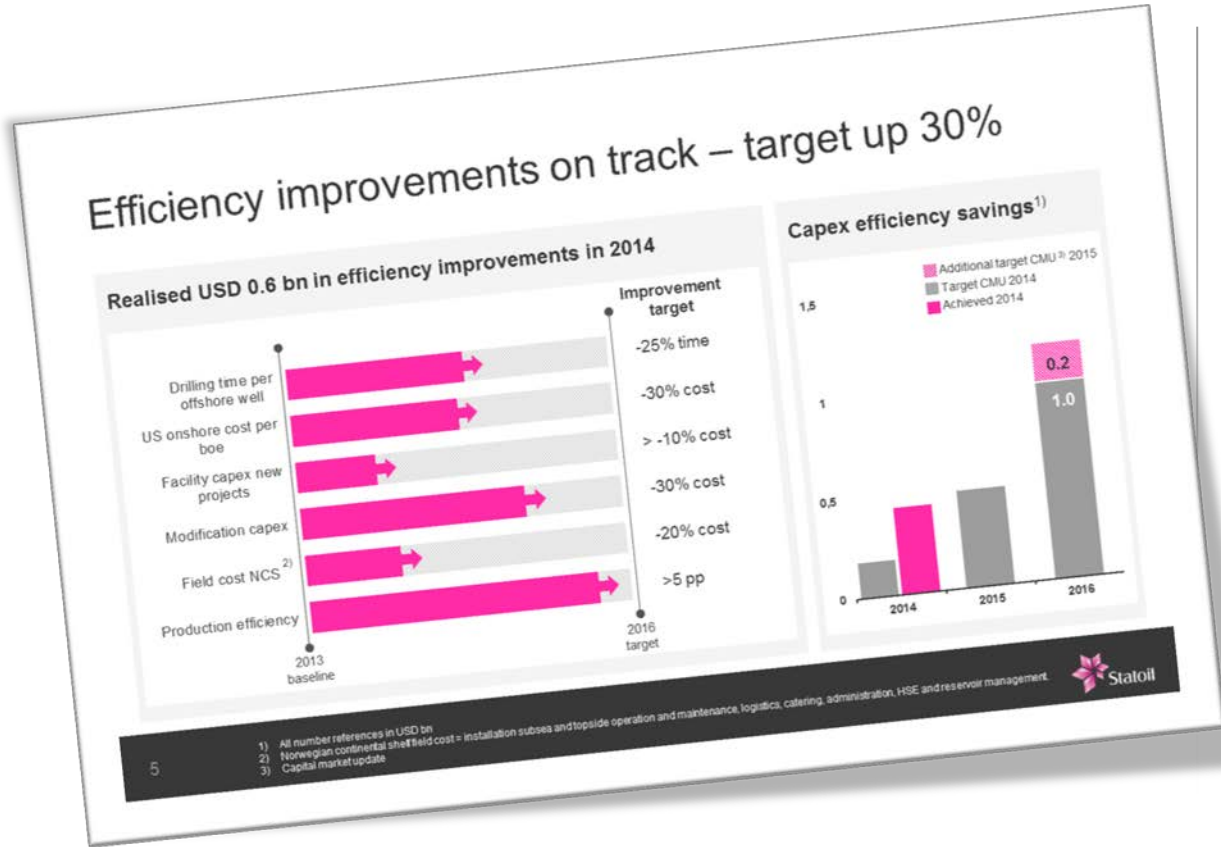


## Operational quality

Stepping up production efficiency



# Efficiency improvements on track

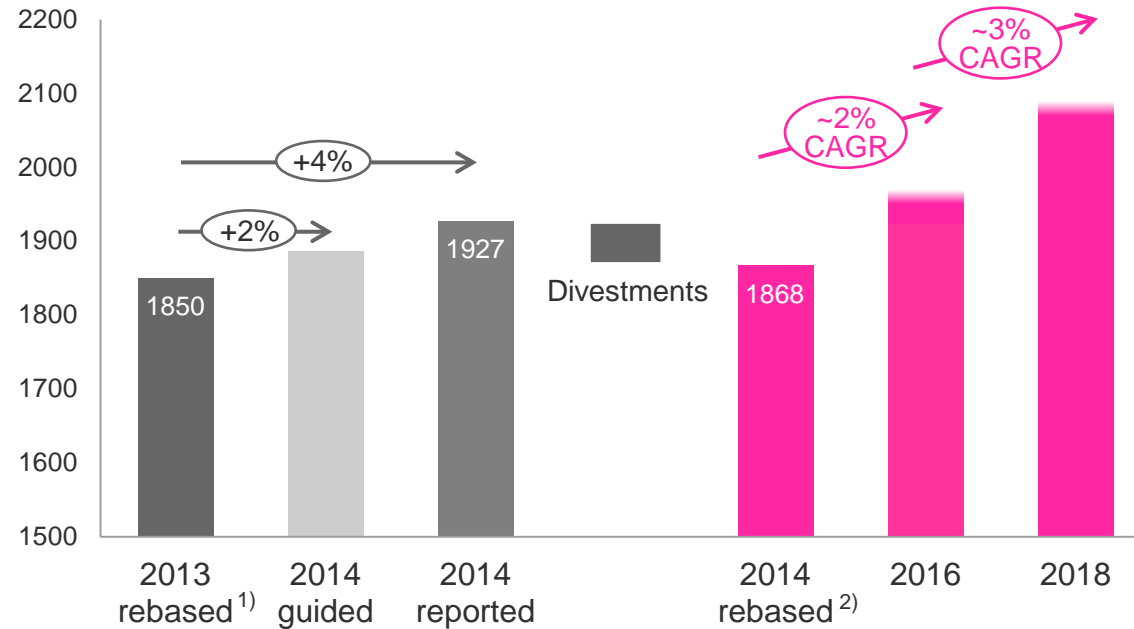


- USD 0.6 bn realised in 2014
- Stepping up 2016 ambition by 30%
- Efficiency programme covers full operated cost base
- Strong momentum across organisation

# Production growth from 2014-18 from projects in execution

## Equity production

mboe/d



- 4% organic growth YoY in 2014
- ~2% production CAGR for 2014-16
- Johan Sverdrup start-up 2019

1) Rebased 2013 is adjusted with 90 mboe/d for full year impact of transactions with OMV, Wintershall and BP/SOCAR, and redetermination Ormen Lange

2) Rebased 2014 is adjusted with 59 mboe/d for full year impact of transactions with Wintershall and Petronas.

# Enhancing value

	Period	Outlook	Key messages
Capex	2015	USD ~18 bn <sup>1)</sup>	<ul style="list-style-type: none"><li>▪ USD ~2 bn reduction</li><li>▪ Prepared to use flexibility</li></ul>
Production	2014-16	~2% annual organic growth	<ul style="list-style-type: none"><li>▪ Improved regularity</li></ul>
Cash improvements	2016	USD 5 bn (total)	<ul style="list-style-type: none"><li>▪ Reducing cash flow neutrality by USD 30 per barrel</li></ul>
ROACE	2015-16	Maintaining returns at 2013 level adjusted for price and currency	<ul style="list-style-type: none"><li>▪ Improving cost and capital efficiency</li></ul>
Exploration	2015	USD ~3.2 bn <sup>1)</sup>	<ul style="list-style-type: none"><li>▪ Investing for the future</li></ul>





Thank you



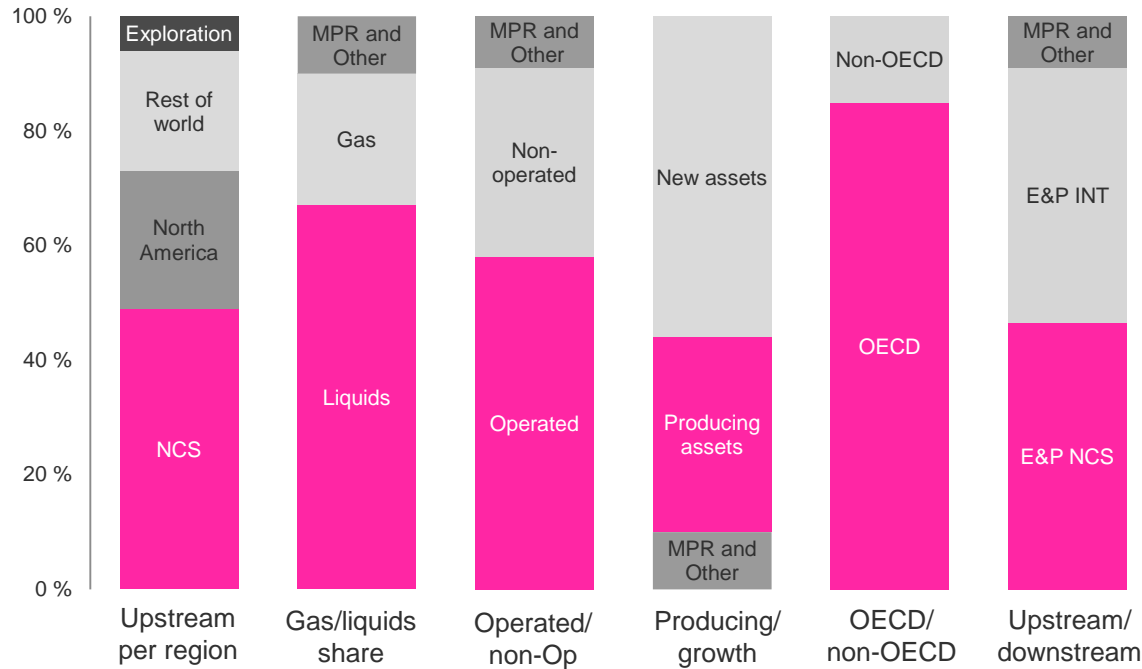




Supplementary Information

# Investing for profitable growth

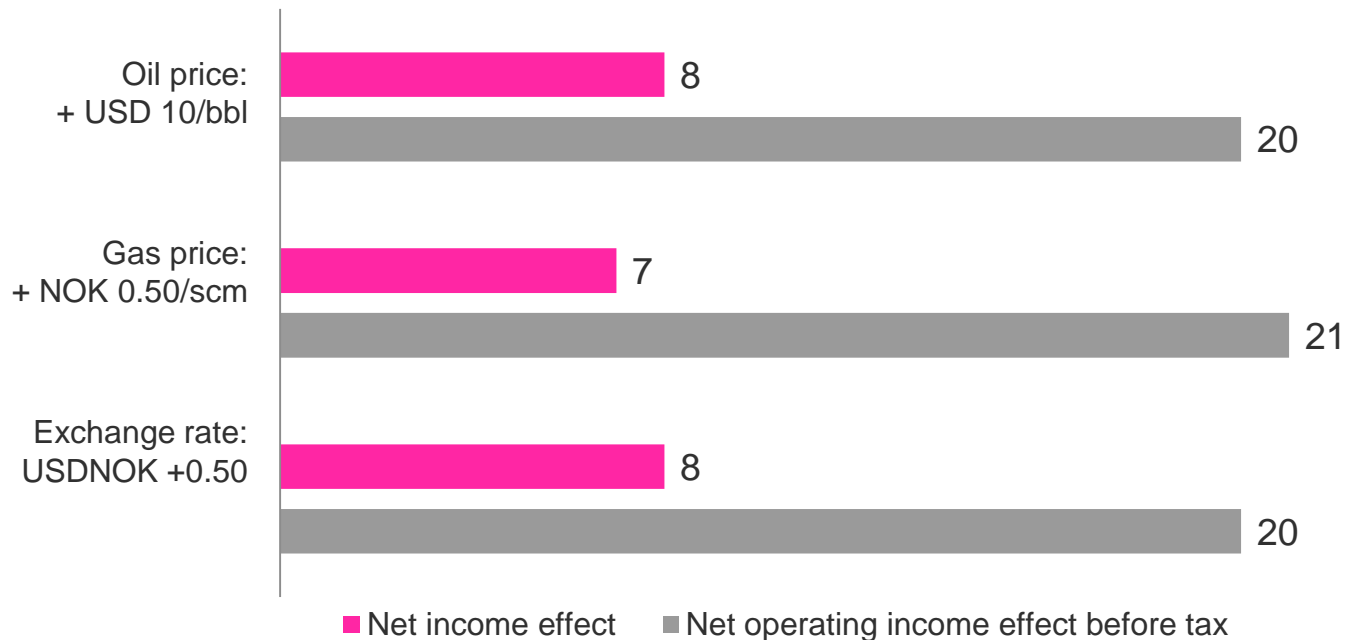
## Investment profile 2015-16



- 65% in liquids
- 55% in new assets
- 60% in operated assets
- 90% upstream related

# Sensitivities<sup>1)</sup> – Indicative effects on 2015 results

NOK bn



# Long term debt portfolio

Redemption profile 31.12.2014

