

## Invitation for consensus input 2Q16

Before the publication of **Statoil's 2Q results 27 July**, we invite you to provide your input to the analyst consensus estimates by filling in the attached spreadsheet. Consensus will be established around the following items:

- Adjusted earnings per reporting segment and tax on adjusted earnings per segment
- Adjusted exploration expense for DPN and DPI
- Equity production (split between liquids and gas, NCS and from international fields)
- Impact from PSA and US royalty barrels (to reach your estimated entitlement production)
- Liquids price in the quarter (separate lines for DPN and DPI)

Like we did for last quarter, we invite you to provide tax on adjusted earnings per reporting segment, so that total tax on adjusted earnings will just be a formula adding the individual tax amounts from DPN, DPI, MMP and Other. We remind you that we will report in USD and ask for consensus contributions in USD million.

### Reporting format

- As we have recently changed to USD reporting, please note that you will find quarterly results in USD for 2014 and 2015 [to the right on this web-page](#)
- We have previously disclosed rolling four-quarter production cost per boe in the 2Q and 4Q reports. From and including 2Q16, we will not provide this metric in the quarterly reports, only in the 20-F.
  - To explain the cost trends we have increasingly focused on total opex and SG&A, which also covers the cost elements that are not classified as production costs. Currency volatility and our exposure to both NOK and USD have also made one single unit cost level in a common currency less informative wrt underlying performance.
- Statoil generally assesses minor changes and improvements to the format in the financial statements every quarter. Beyond the change regarding disclosure of production unit cost as described above, we are not aware of any changes to the format this quarter, though we cannot rule out the likelihood that some changes may be decided as part of the process. It should in any case not impact numbers or the main tables in the report.

**For your convenience, we hereby remind you of some factors relevant for our 2Q results as well as other information that might be useful. All items have been discussed/made public before, see for instance [transcript for 4Q15/CMU](#) or [transcript for 1Q16 conference](#) for reference:**

### D&P Norway

- Normally NCS production in 2Q (and 3Q) is seasonally below 1Q and 4Q numbers due to gas production in the heating months and regular maintenance during the summer months. There has been no indication that this seasonal trend has been altered this year. No operational disruptions have been reported from Statoil.
- The Norwegian Petroleum Directorate publishes [monthly production figures](#), normally issued 10-15 days into a month, giving preliminary figures for the previous month and more detailed information for earlier months. Data from NPD per field [can be found here](#) (download possible). Statoil is not responsible for any NPD data, but you may find the data convenient.

- We remind you that the assets on NCS Norway have NOK as functional currency, i.e. the accounts are recorded in NOK. Currency movements will hence impact depreciation (assets to be depreciated are recorded in NOK) as this is translated into USD as the reporting currency.
- Statoil cancelled [a rig contract this quarter](#).

#### **D&P International:**

- As was the case for 1Q16, the revised participation interest for Agbami (Nigeria) is yet to be implemented by the unit. Statoil will report 1Q production corresponding to the participation interest of 20.21%, but make provisions so that adjusted earnings will reflect participation interest of 15.04%
- [Statoil announced divestment of assets in Marcellus](#) in 2Q. The transaction was as of end of 2Q yet to be closed. Production and earnings for the relevant acreage will be reported until closing of transaction and the divestment will therefore have no P&L impact for 2Q. The transaction is expected to close in July.

#### **MMP**

- The preliminary internal gas transfer price for 2Q will be published [on our web-pages](#) around 7 July. Note that we are now using USD/mmbtu in our reporting in order to correspond with the change in reporting currency. You will find some historical data calculated in USD/mmbtu on the website. The conversion we apply is 1 mmBtu equalling 26.28 Scm<sup>3</sup>. NOK/USD is calculated using average currency rates for the quarter.

#### **Exploration**

- We estimate that over time, roughly 2/3 of exploration expenditure is expensed. The results for each individual quarter will however depend upon the outcome of the wells finalised as well as our share of the cost. In addition expensed exploration depends upon results from wells from previous quarter(s). Well costs are activated (capitalised) as they are being drilled. In case of a negative result the entire cost will be expensed in the quarter when the well is completed.
- In addition there are other costs like seismic acquisition, early phase development etc. that will hit the exploration expense cost line.
- We had activity in 11 wells in the second quarter, eight completed wells. Five of the completed wells were in Norway.
- Statoil also [issued a release](#) with information regarding results from the drilling campaign offshore Canada.

#### **Other information:**

- Follow [this link](#) for reports, web-cast, presentations, and transcripts from previous quarters.
- Selected [historical data in USD](#) was published this quarter. Note the link to an excel sheet on the page.
- The annual report and 20-F for 2015 was presented 18 March. This, as well as other useful annual reporting, can be found on our [web-page](#) download centre.
- Statoil issued a [prospectus](#) preparing for the dividend issue for 4Q15 dividend under the scrip programme. Although intended for eligible shareholders, the document contains information that could be of general interest. The results of the scrip programme are described [here](#) and [here](#); it is

worth noting that total number of shares in the company is as of end 2Q16 approximately 3,207 mill shares.

- Statoil announced 3 May [an increase in ownership in Lundin Petroleum](#) in exchange for the entire 15% working interest in Edvard Grieg and interests in associated pipelines. The transaction was [closed yesterday](#). This means that the 15% interest in Edvard Grieg has contributed to earnings throughout 2Q16. Reporting of our proportionate share of Lundin's net earnings and production will consequently be relevant from 3Q16, so we suggest we come back to the details on how this will be reported ahead of the 3Q reporting season. For 2Q reporting, the key moving parts are:
  - Statoil will from closing of the transaction treat the stake in Lundin Petroleum as an equity accounted investment. Hence, while the 11.93% in Lundin we held as of end 1Q was treated as a non-current financial investment in the balance sheet, you will find the 20.1% stake on the line for equity accounted investments in the 2Q financial statements.
  - A minor gain is expected to be recorded in 2Q related to the divested assets.
  - Regarding cash-flow effects, the only impact in 2Q is the payment of approximately USD 64 million cash flow to investments for the cash part of the transaction (originally announced at USD 68 mill but ended up at USD 64 mill at closing (ref release yesterday) due to depreciation of SEK to USD from announcement to closing). The assets sold (Edvard Grieg + pipelines) were sold in exchange of shares, hence there will be no cash-flow impact from the swap part of the transaction.
  - Finally, a more technical detail is that the USD 89 mill reported as part of Other comprehensive income in 1Q (increase in fair value from time of acquisition to end of 1Q) will be derecognised in 2Q and reported as financial income (together with the change in fair value from end 1Q to end 2Q).

#### **Guiding:**

- Production growth 2014-2017; ~1% annual growth from a rebased 2014 number of 1.868 million boe ("rebased" is 2014 production adjusted 59 kbd for Wintershall and OMV transactions).
- Production growth 2014-2017; 2-4% organic annual production growth.
- Annual production impact from PSA and US royalties for 2016 are expected around 135 mboe per day at Brent price of \$40/bbl and 165 mboe per day at \$70/bbl.
- Scheduled maintenance is planned to have a negative impact on equity production of approximately 55 mboe per day in 2Q16.
- In total, maintenance is estimated to have a negative impact on equity production of around 60 mboe per day for the full year 2016, of which the majority is liquids.
- Organic capex 2016: around USD 13 bn.
- Total exploration expenditure level is expected at around USD 2.0 billion, excluding signature bonuses.
- The guiding of the financial result, excluding FX and derivatives, is minus around USD 150-200 million (assuming an approximately normal investment result for the financial investments).

#### **The 2Q results will be reported 27 July at 07:00 CEST.**

For more information please visit our [web-page](#). You may find [analytical information](#) on the web under Key financials. [Historic production data](#) is available in excel format.

We will make the aggregated, average consensus numbers available through our web-page.