



Statoil

2<sup>nd</sup> Quarter 2017

Hans Jakob Hegge, Executive Vice President and CFO

Photo: Gina Krog

# Second quarter 2017

- Solid earnings and strong cash flow
  - Net debt ratio reduced to 27.5%
- Good operational performance with high regularity
  - Around 5% organic production growth expected in 2017
- Project deliveries and efficiency improvements on track
- Maintaining dividend of USD 0.2201 per share, with 5% discounted scrip dividend option<sup>1</sup>



1) Scrip option through 3Q 2017; subject to BoD approval

# Solid financial results

- Strong production and high regularity
- OPEX / SG&A per boe down 8%<sup>1</sup> in USD
- Higher realised prices
- Reversal of provision in Angola
- Tax rate at 57.4%

## 2Q 2017

USD mill



## 2Q 2016

USD mill



1) Adjusted for change in principle for allocation of gas transportation costs, which has no NOI effect

# Solid adjusted earnings

## D&P Norway

- Record high regularity YTD
- 11% underlying<sup>1</sup> reduction in OPEX / SG&A per boe in NOK



## D&P International

- Reversal of provision USD 754 mill<sup>2</sup>
- 3% underlying production growth



## MMP

- Lower liquids trading results
- High refinery throughput with good margins



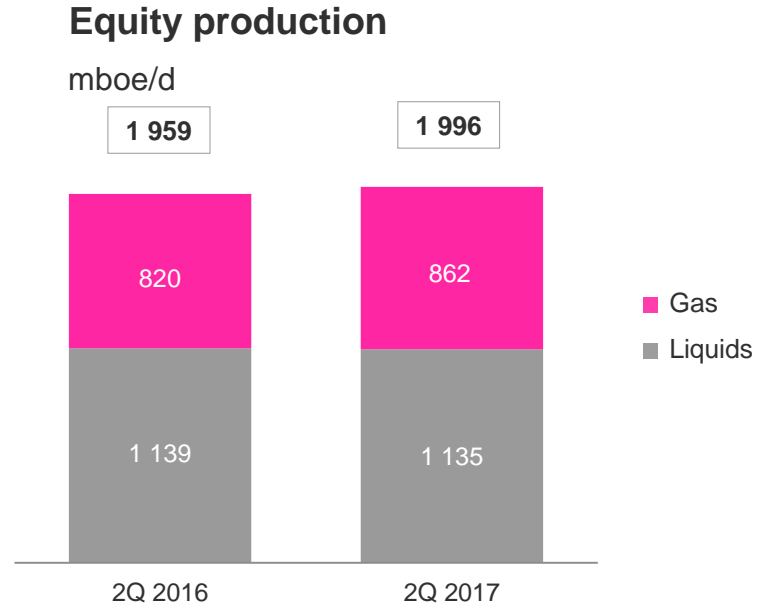
USD mill.	Pre tax	After tax	Pre tax	After tax	Pre tax	After tax
2Q'17	1,935	611	876	673	292	62
2Q'16	1,163	436	(506)	(549)	329	132

1) Adjusted for change in principle for allocation of gas transportation costs, which has no NOI effect

2) Pre-tax; for additional information refer to Note 8 of Q2 2017 Financial Statements

# Organic production growth of 3%

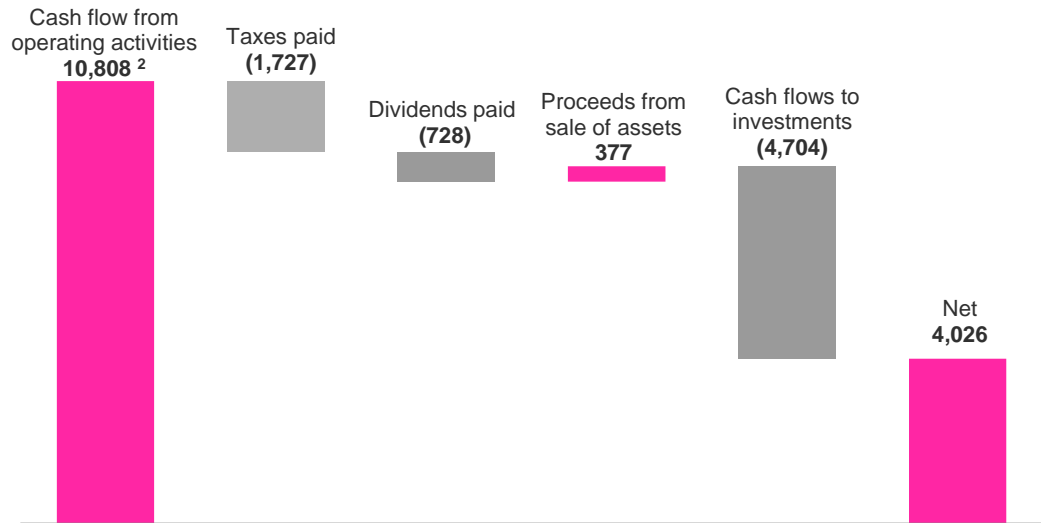
- High production regularity
- Ramp-up of new fields
- Sale of flex gas at higher prices
- Turnarounds according to plan



# Net debt ratio reduced by 8 percentage points

- Strong cash flow from operations
- Net debt ratio reduced from 35.6% to 27.5% YTD
- FCF positive at 50 USD per barrel Brent in 2017<sup>1</sup>
- Continued strict capital discipline

2017 YTD; USD mill



1) Including scrip, as communicated at CMU Feb 2017

2) Income before tax (7,332) + Non cash adjustments (3,476)

# Outlook

	Period	Outlook
<b>Organic capex</b>	2017	USD ~11 billion <sup>1</sup>
<b>Production</b>	2016-2017 2016-2020	~5% organic production growth ~3% organic CAGR
<b>Maintenance</b>	2017 3Q 2017	30 mboe per day 50 mboe per day
<b>Exploration</b>	2017	USD ~1.3 billion
<b>Efficiency improvements</b>	2017	USD 1 billion



1) Based on USD/NOK exchange rate of 8.5





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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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