



Statoil



3<sup>rd</sup> Quarter 2017

Hans Jakob Hegge, Executive Vice President and CFO

Photo: Aasta Hansteen topside sail away

# Third quarter 2017

- Solid adjusted earnings and underlying cash flow
- Good operational performance and high production
  - 2017 production guidance increased to ~6%
- Projects and efficiency improvements on track
  - 2017 CAPEX guidance reduced to USD ~10 billion
- IFRS results impacted by net impairments and other adjustments
- Maintaining dividend of USD 0.2201 per share
  - 5% discounted scrip dividend option<sup>1</sup>
- Expectation of full cash dividend from 4Q17

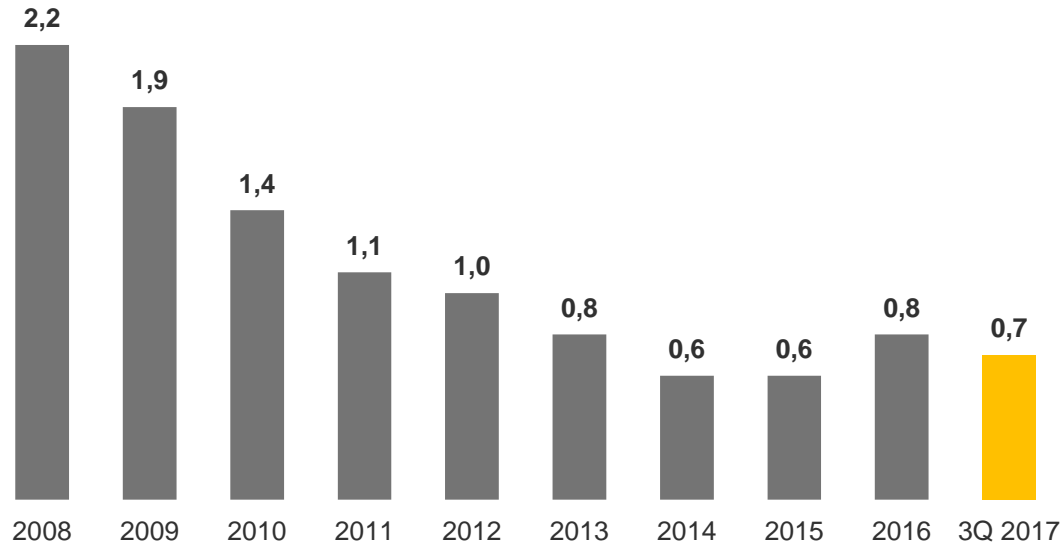


1) Third quarter 2017 is the last quarter in the two year AGM approved scrip program

# Safety

## Serious incident frequency

Serious incidents per million work-hours, 12-month rolling figures



# Financial results

- Strong production growth
- Capturing higher realised prices
- OPEX / SG&A per boe down 11%<sup>1</sup>
- IFRS results impacted by net impairments and other adjustments
- Tax rate at 65.1%

## 3Q 2017

USD mill



## 3Q 2016

USD mill



1) E&P in respective underlying currency. Adjusted for change in principles for internal allocation of gas transportation costs, which has no NOI effect.

# Solid adjusted earnings

## E&P Norway

- High production growth
- 18% cost reduction per boe<sup>1</sup>



## E&P International

- Continued efficiency improvements
- Lower exploration expenses



## MMP

- Strong liquids trading & processing
- Natural gas impacted by price review

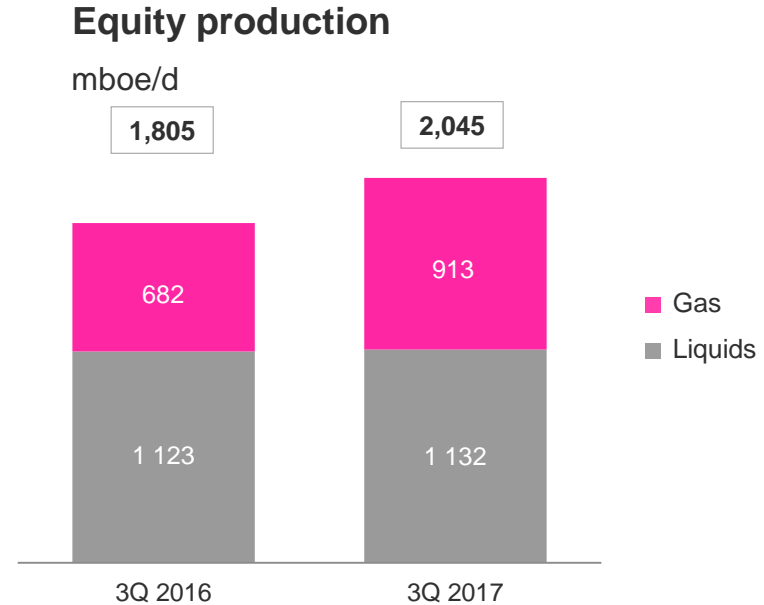


USD mill.	Pre tax	After tax	Pre tax	After tax	Pre tax	After tax
3Q'17	2,015	662	(27)	(78)	423	273
3Q'16	999	377	(596)	(717)	301	135

1) OPEX / SG&A in NOK, adjusted for change in principles for internal allocation of gas transportation costs, which has no NOI effect.

# Production growth of 15%<sup>1</sup>

- Solid production regularity
- Offsetting decline on NCS
- Higher flex gas volumes
- Lower impact from turnarounds
- Ramp-up of new fields

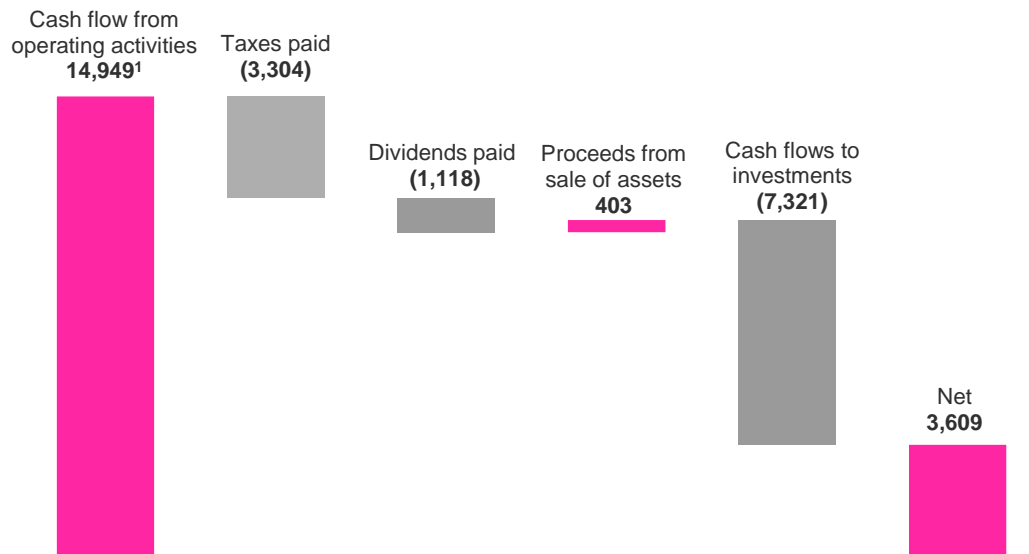


1) Organic production growth

# Free cash flow positive at USD 50

- Strong cash flow from operations
- Net debt ratio at 27.8%
- Continued strict capital discipline

2017 YTD; USD mill



1) Income before tax (8,276) + Non cash adjustments (6,673)

# Outlook

	Period	Outlook
<b>Organic capex</b>	2017	USD ~10 billion <sup>1</sup>
<b>Production</b>	2016-2017 2016-2020	~6% organic production growth ~3% organic CAGR
<b>Maintenance</b>	2017 4Q 2017	30 mboe per day 25 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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