

Despite challenging oil and gas prices in the quarter, Statoil (OSE:STL, NYSE:STO) delivered Adjusted earnings of NOK 22.9 billion and NOK 7.0 billion after tax. Statoil reports a negative IFRS Net income of NOK 35.4 billion due to impairments.

"Statoil's first quarter reported figures are significantly impacted by impairment charges. Our adjusted earnings and cash flows were affected by the reduced price levels. We continue to deliver strong underlying operational performance and solid results from marketing and trading. The free cash flows after dividend were positive in the first quarter", says president and CEO of [Statoil ASA](#), Eldar Sætre.

Adjusted earnings for the first quarter of 2015 were NOK 22.9 billion compared to NOK 46.0 billion in the first quarter of 2014. The reduction was mainly a result of the significant drop in the liquids prices, lower European gas prices and increased depreciation and operating costs. The increase in depreciation and operating cost was largely a result of starting and ramping up production, and was impacted by the strong USD/NOK exchange rate. Adjusted earnings after tax were NOK 7.0 billion, compared to NOK 15.8 billion in the same period last year.

Statoil's net operating income in the first quarter of 2015 was negatively impacted by significant accounting charges related to asset impairments of NOK 46.1 billion, most of which are related to the US onshore unconventional assets. The impairments were a result of a revision of Statoil's long term economic planning assumptions.

"We take a more cautious view due to the uncertainty in the commodity markets. It is important to maintain a solid foundation for our decisions. The underlying quality of the assets and the operational performance remains unchanged", says Sætre.

Statoil's equity production in the first quarter was 2,056 mboe per day, compared to 1,978 mboe per day in the same period in 2014. The production increase was a result of start-up and ramp-up of production on various fields as well as higher gas sales from the Norwegian continental shelf (NCS) compared to the first quarter of 2014. The equity production outside of Norway was 759 mboe per day.

"We continue to see progress from our cost and capital efficiency programmes and our systematic effort to improve safety continues. I am pleased to see reduced field and modification costs on the NCS, reduced international operating expenses per barrel measured in dollar, in addition to improved drilling and well performance. Our financial position remains robust. The board of directors has decided to pay NOK 1.80 per share in dividend for the quarter," says Sætre.

In the first three months of 2015 Statoil reported cash flows from operations of NOK 29.1 billion compared to NOK 55.0 billion in the first quarter of 2014. The decrease was a result of falling prices, partially offset by lower taxes paid in the first quarter of 2015. The free cash flows, after investments, proceeds from transactions and dividend payments were positive in the first quarter of 2015. At the end of the quarter, Statoil's adjusted net debt to capital employed increased to 24 % impacted by impairments as well as currency changes.

Statoil's success on exploration activities continues to perform in the first quarter of 2015, and has resulted in four discoveries. Discoveries in Tanzania, the Gulf of Mexico as well as in Norway underline Statoil's position as a global top explorer. The adjusted exploration expenses amounted to NOK 2.7 billion, down from NOK 3.3 billion in the first quarter of 2014 as a higher portion of current exploration expenditures was capitalised in the first quarter this year.

The serious incident frequency (SIF) was 0.7 in the first quarter of 2015 compared to 0.6 in the first quarter of 2014.

The Statoil share will trade ex-dividend on Oslo Stock Exchange (Norway) 14 August 2015.

Key events since fourth quarter 2014:

- Progressing Johan Sverdrup: Plan for Development and Operation (PDO) was submitted to the authorities in February, and contracts for more than NOK 16 billion were awarded in the quarter.
- New projects on stream: The Valemon field came on stream and production commenced from Oseberg Delta 2 in the North Sea.
- Developing new projects: Statoil together with its partner submitted development plan for the Peregrino Phase II.
- Optimising projects: The partners in the Johan Castberg and Snorre 2040 licences decided to spend more time to mature the projects.

- Top tier exploration results: A small oil discovery and a gas discovery on the NCS and the eighth discovery in Block 2 offshore Tanzania. In April Statoil announced an oil discovery in the Yeti prospect in the Gulf of Mexico (GoM).
- Debt capital market transactions: EUR 3.75 billion secured in February.
- Changes to the board of directors: Grace Reksten Skaugen and Catherine Hughes have resigned from the board of directors, and Rebekka Glasser Herlofsen was elected as new shareholder representative.

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