



MAERSK OIL – TURNING CHALLENGES INTO OPPORTUNITIES

Carsten Sonne-Schmidt, Maersk Oil CFO
Swedbank Summit, 16 March 2017

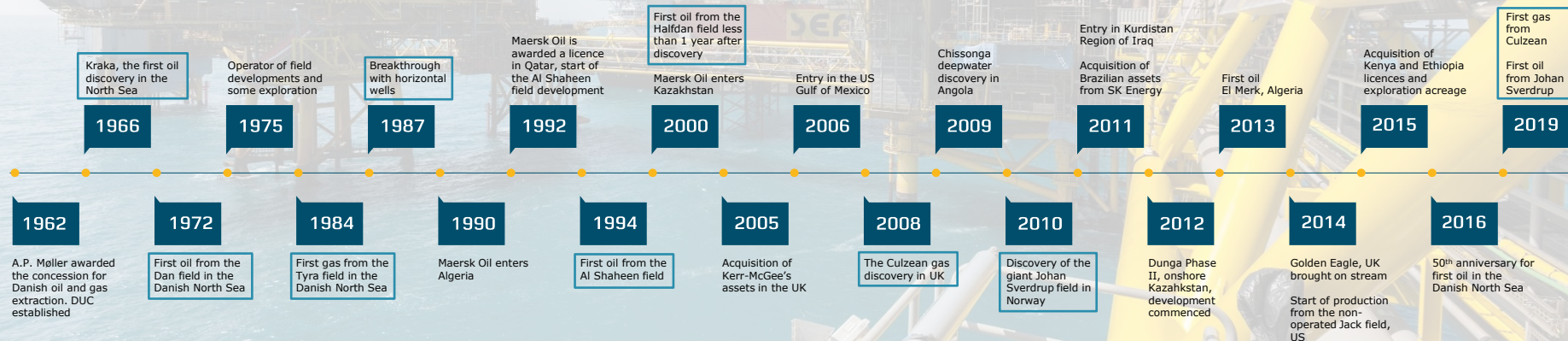
AGENDA

1. INTRODUCING MAERSK OIL

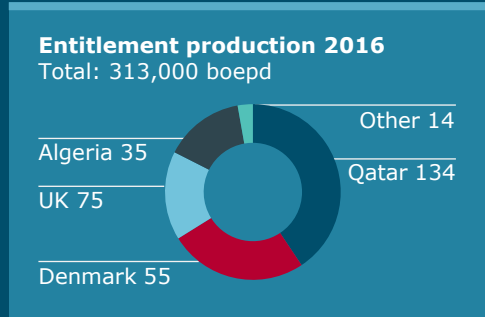
2. OUR PERFORMANCE JOURNEY
3. BUILD OUR FUTURE BUSINESS



Maersk Oil has a proven track record of +50 years of turning challenges into opportunities



Maersk Oil's global presence today



● Exploration ○ Projects + Production



**ENTITLEMENT
PRODUCTION**

313,000

boepd

**MAERSK OIL
GROSS ACREAGE**

118,658

km²

**OPERATED
LICENSES**

44

**PROFIT IN
2016, UNDERLYING**

497

USD million

**ACTIVE IN
13 COUNTRIES**

~4,000

employees

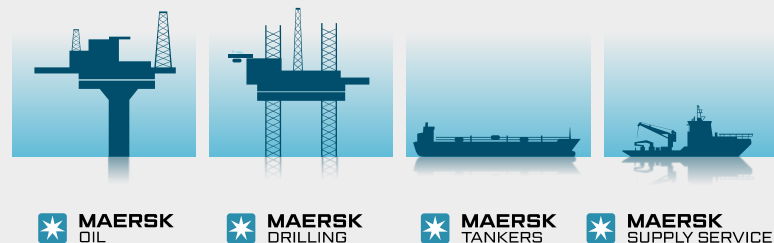
Maersk Oil is the cornerstone of the Energy division

Transport & logistics division



The global integrator of container logistics

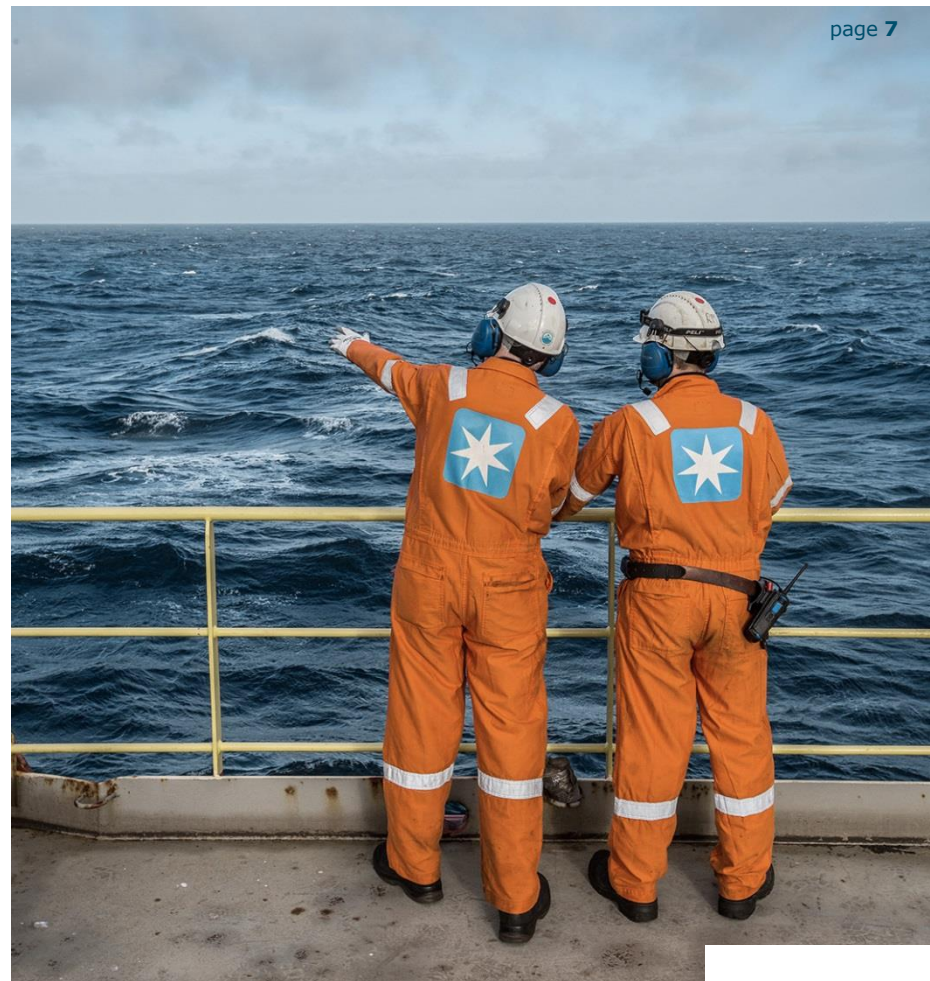
Energy division



Individual business units to separate from A.P. Moller – Maersk through listings, mergers or joint ventures

AGENDA

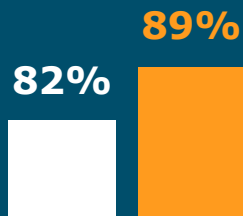
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We are

DELIVERING AND CREATING VALUE

Increase in production
efficiency since 2014



OPEX reduction from
2014 to 2016

36%



ROIC 2016 FY

11.4%



Planned annual capital
investment next two years

USD 1.0-1.5bn



Strong progress executing our three-pillar strategy and adapting to changing circumstances



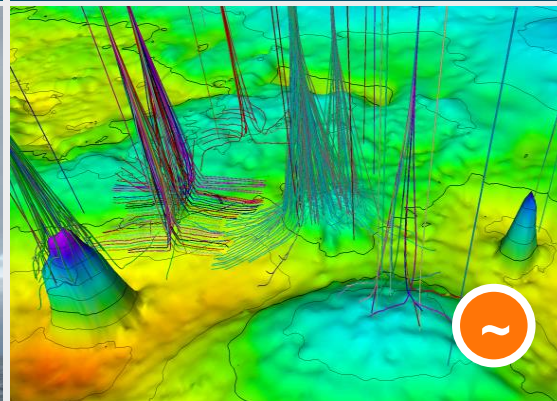
**MAXIMISE VALUE
FROM SAFE
OPERATIONS**



**WORLD-CLASS
PROJECT DELIVERY**



**BUILD OUR
FUTURE BUSINESS**

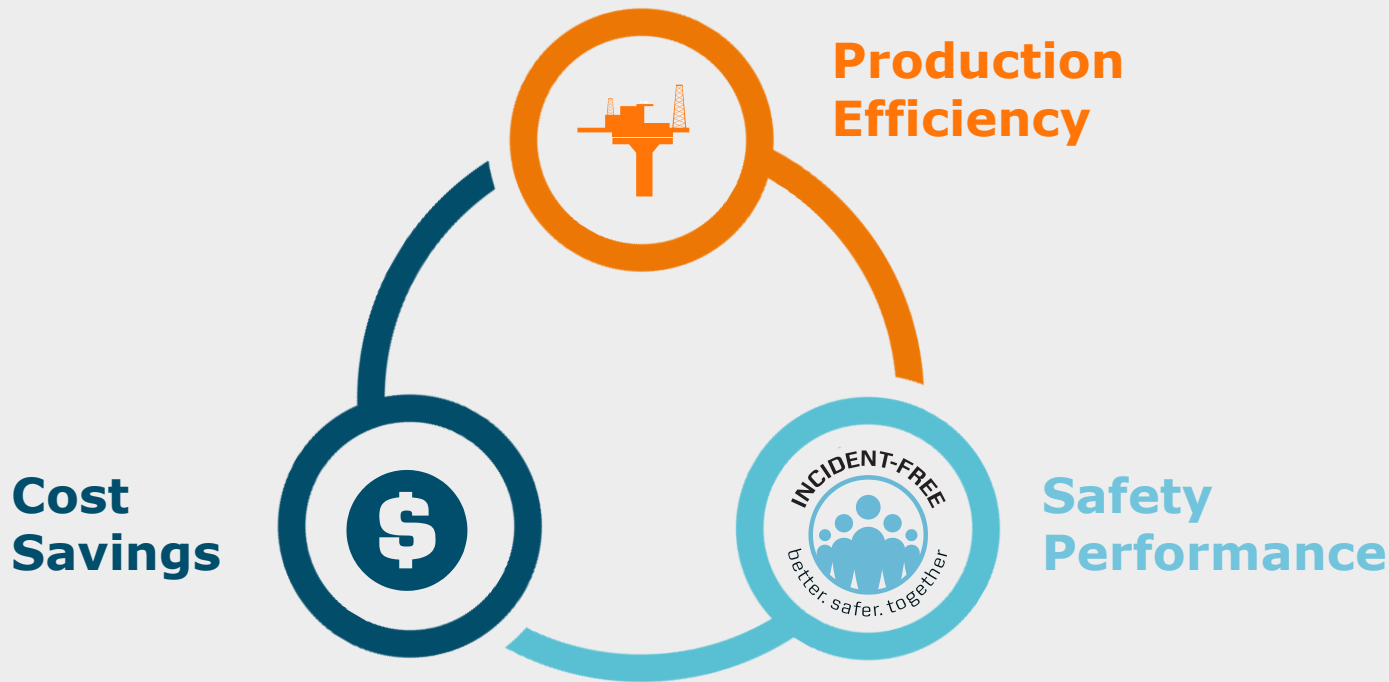


COST AND CAPITAL DISCIPLINE





The interdependency of safety, production efficiency and cost is the core of driving performance

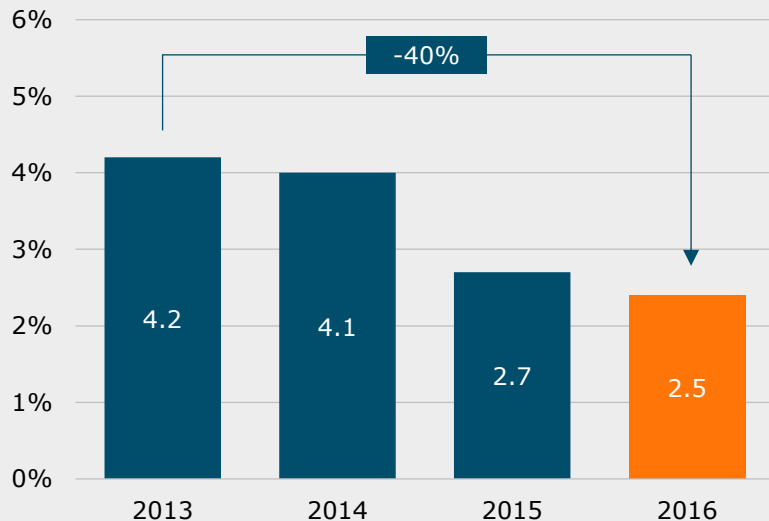




We have a track-record of increasingly safe and efficient operations ...

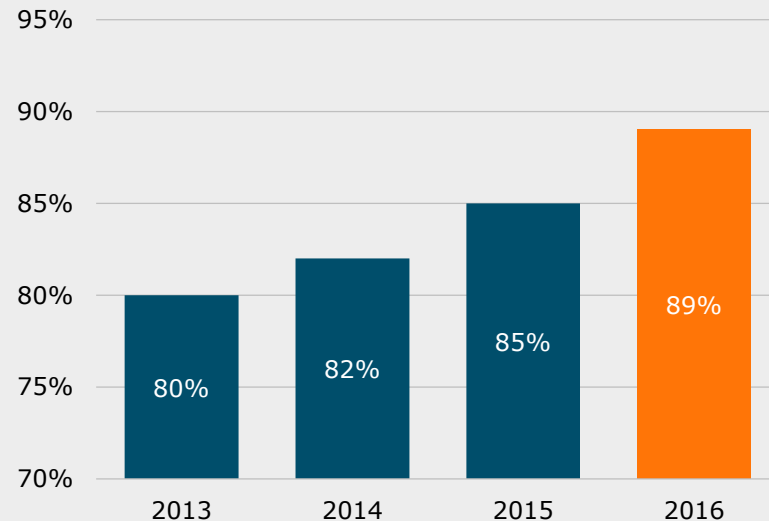
Safety performance

Total Recordable Injury Frequency



Efficiency performance

Global production efficiency (%)

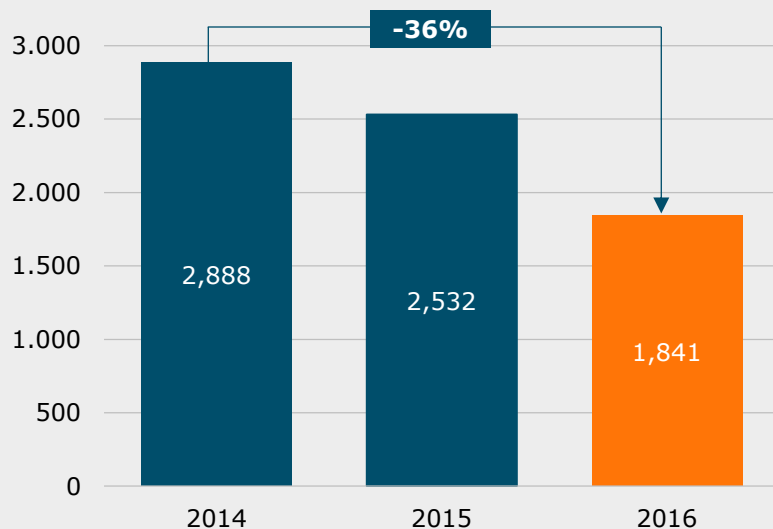


Source: Maersk Oil operational statistics

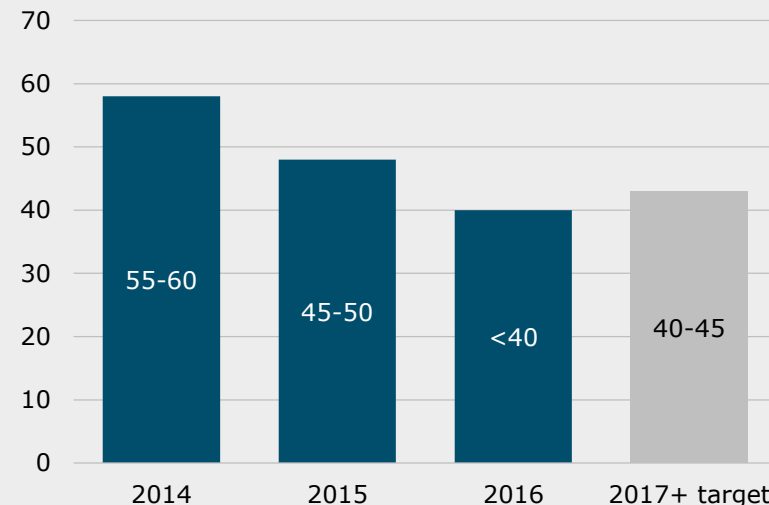


... as well as effective control of OPEX, resulting in a significantly improved competitiveness

Total OPEX savings¹ (USD million)



Break-even price per barrel of oil²
(USD/barrel)



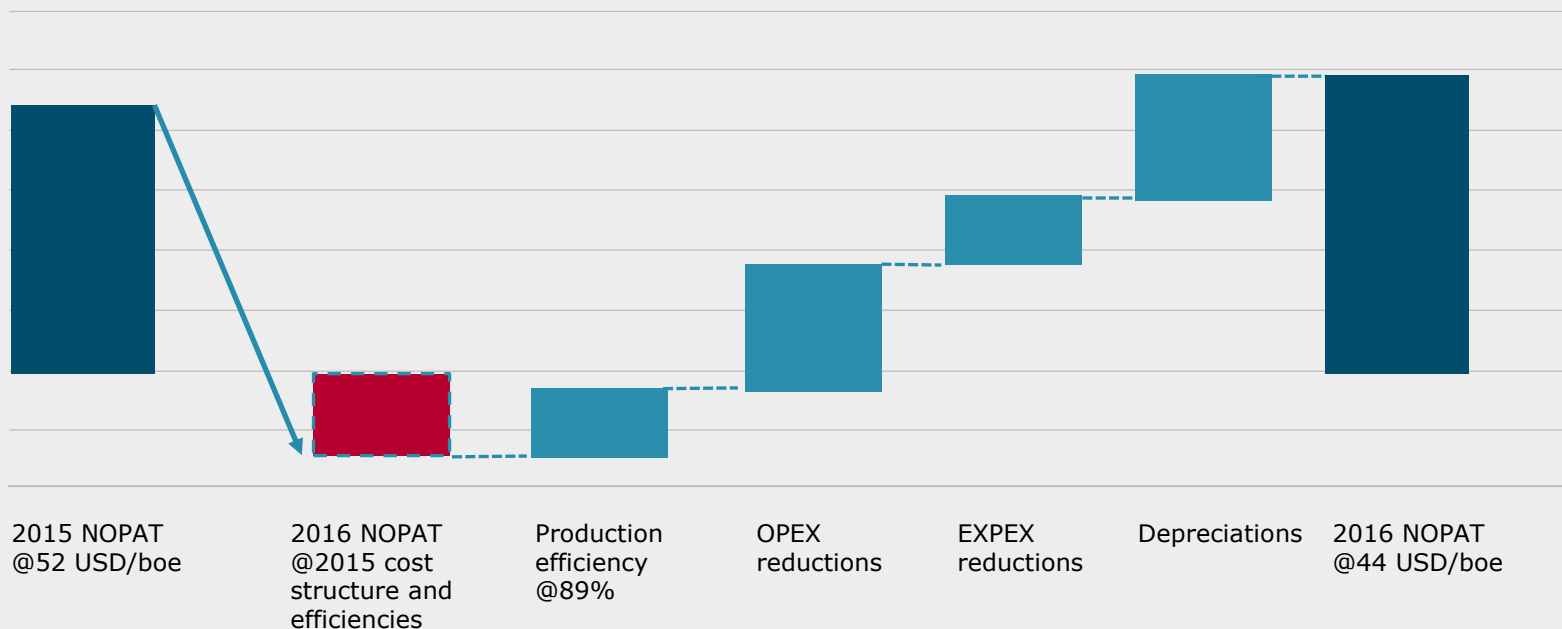
1. Effect of Danish Business Unit transformation not fully accounted for, 2016 OPEX number adjusted to reflect like to like comparison with 2014

2: Average price at which NOPAT is 0, not taking impairments into account. 2015 further normalized for one-off tax benefits in UK and reversal of impairment in Kazakhstan. Without this normalization break-even is lower than shown. Please note, that this is a different measure than shown [preceding page]

Sources: Internal calculations & Maersk Oil financials



Cost reductions and efficiency improvements more than offset 8 USD/bbl lower oil price in 2016 vs. 2015





With the fundamentals under control, turning our daily challenges into opportunities is the key to continued success

New water injection techniques optimising production in the Dan and Halfdan fields



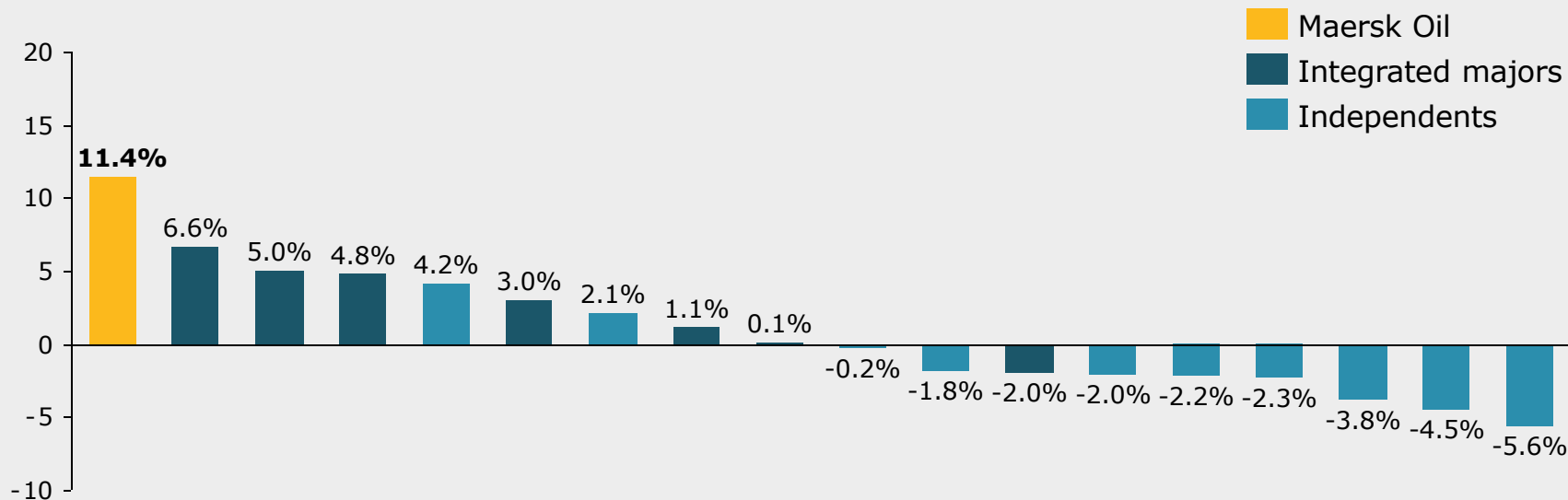
Innovative approach to Balloch well





...allowing us to outperform both independent E&P companies and the integrated majors

ROIC¹ for 2016 Full Year (%)



Majors include: BP, Chevron, ENI, ExxonMobil, Royal Dutch Shell, Statoil and Total.

Independents include: AkerBP, Anadarko Petroleum, Apache Corp., ConocoPhillips, Hess, Lundin Petroleum, Marathon Oil, Murphy Oil, Noble Energy and Occidental Petroleum

Source: Evaluate Energy using following ROIC methodology: net income adjusted for after-tax non-recurring items (e.g. impairments), after-tax minority interests, after tax net financial interest payments (assuming marginal tax rate) and dividends to preferred shareholders over the average invested capital for the period.



World-class project delivery

EXECUTE



Johan Sverdrup, Norway

- Maersk Oil 8.44% ownership
- Statoil operated
- Progressing **ahead of plan**
- Expected **break-even below USD 25 per barrel**
- Recoverable reserve estimates increased

EXECUTE



Culzean, UK

- Maersk Oil **operator** with 49.99% ownership
- All 2016 **major milestones** met
- **CAPEX reduced USD 500 million** from estimate at sanction of USD 4,500 million (11% reduction)

DEFINE



Tyra, Denmark

- Maersk Oil **operator** with 31.2% ownership
- Processes **>90% of DK gas production**
- Industry in constructive **dialogue with Danish Government** on terms

SELECT



South Lokichar, Kenya

- Maersk Oil 25% ownership
- Tullow operated
- **Four well exploration and appraisal** programme



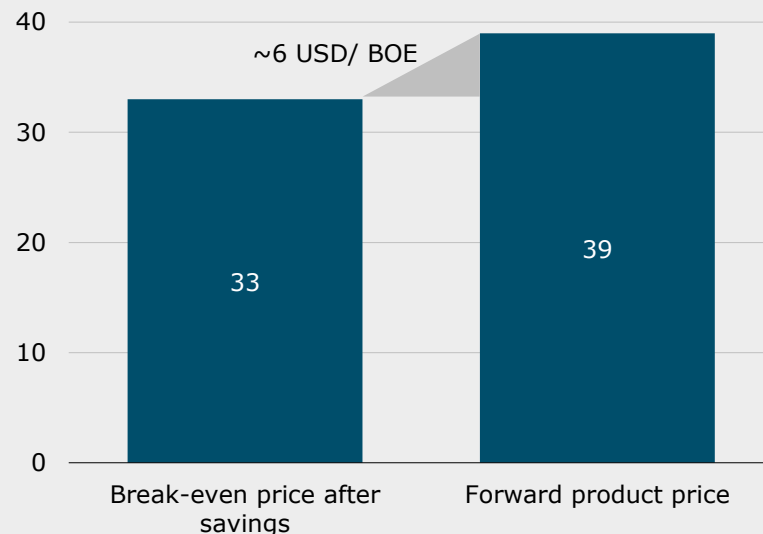
Culzean is progressing on schedule and has achieved USD ~500 million in CAPEX reductions



Culzean, United Kingdom

- Maersk Oil operator with 49.99% ownership
- Plateau rate of 500 mmscf/d of rich gas
- Sales liquids content of 47 bbl/mmscf
- Unit operating cost of ~12 USD/boe³
- 11% reduction in CAPEX since sanction⁴
- Payout period of 4.3 years⁵

Break-even price far below forward product price^{1,2} (USD/boe)



1: BE defined as price of weighted products on a barrel of oil equivalence basis where NPV0 = 0 from time of sanction

2: Product price based on 2019 forward price from Wood Mackenzie (2016 Q4), weighted for expected oil/gas mix and adjusted to real term prices in 2016

3: Average over life of field in real terms 4: Total to all partners. Includes some impact from FX 5: From time of first production, mid-year 2019

AGENDA

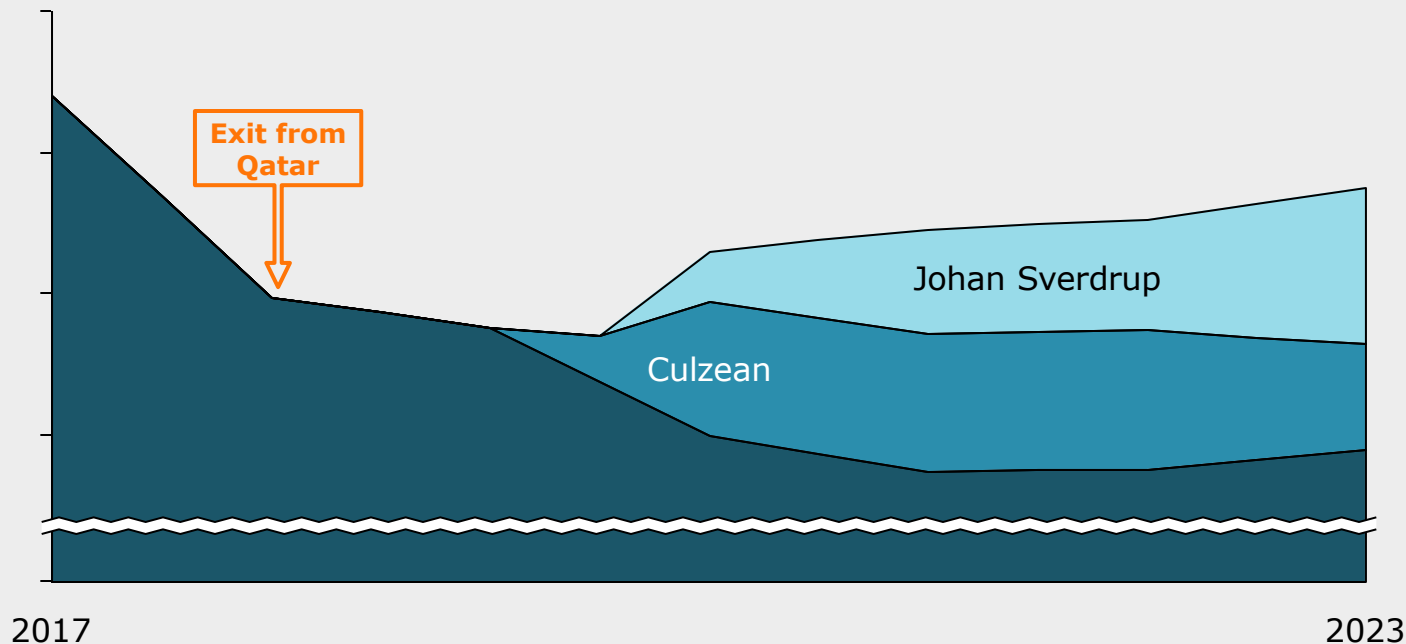
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The two first pillars of our strategy provide a strong foundation for the future

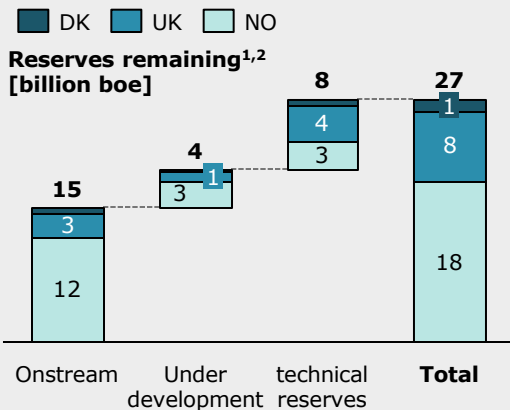
Production
(kboepd)





The North Sea remains a source of value for the E&P industry and Maersk Oil, despite a challenging environment

Adequate reserves remain

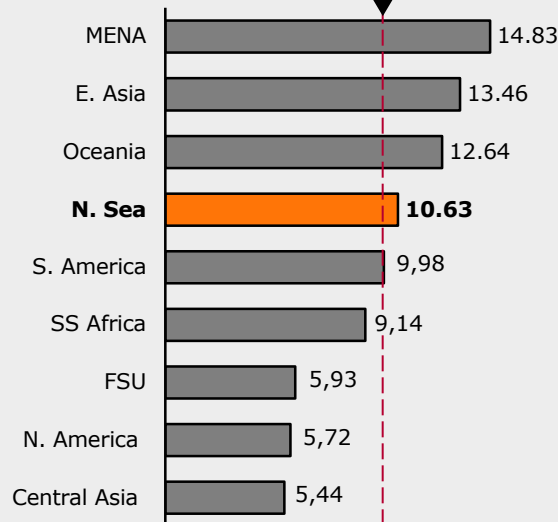


Maersk Oil's **strengths** in **operational excellence** and world class **project delivery** apply well to these mature basins

Above average profitability

Avg. Cash flow per boe (2000-2030)¹
[USD/boe]

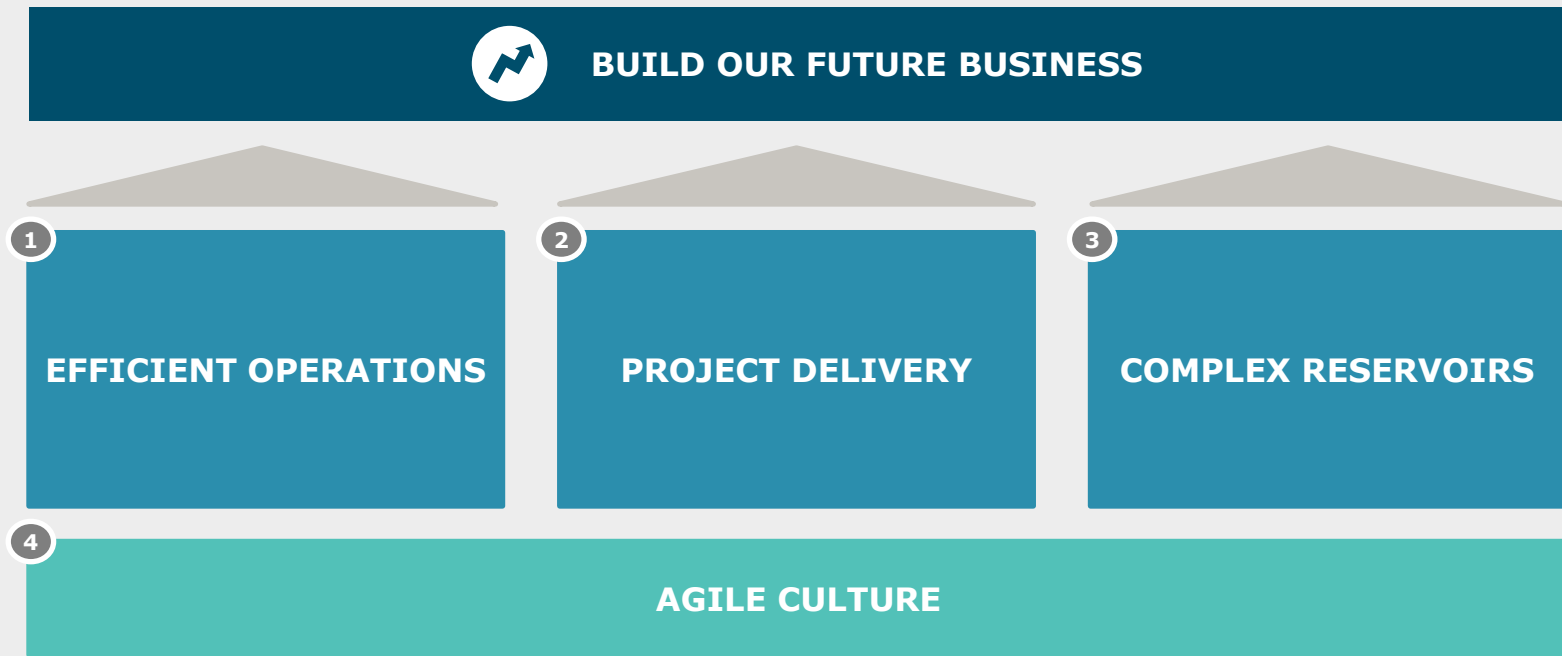
Weight avg. 10.22



1. Source: Wood Mackenzie Upstream Data Tool (Q4-2016) 2. Shallow water fields only



We continue to search for competitive growth options where we can leverage our strong capabilities



Key messages to take away...

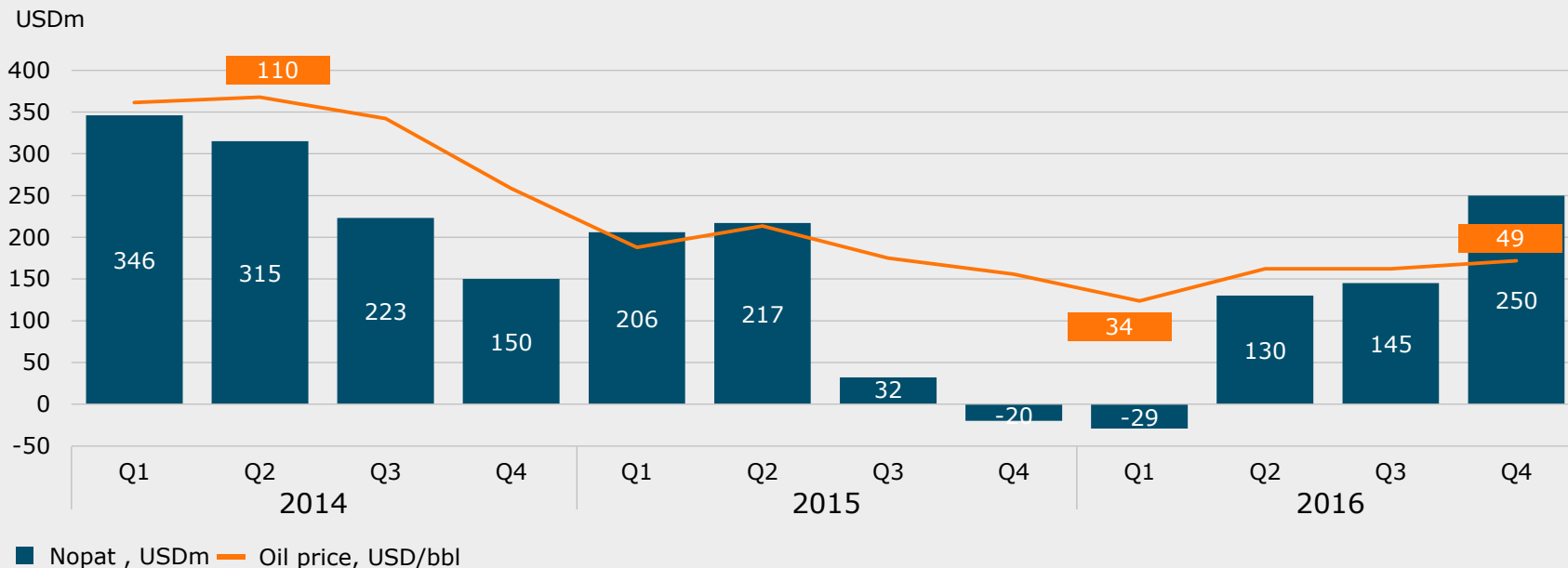
- Delivery of strategy pillar 1 & 2
- Strong track-record of increasingly safe, efficient and profitable operations
- World class projects coming on stream
- Competitiveness significantly improved, outperforming peers and Majors on ROIC
- Production growth from 2019
- Clear mid-term strategy focused on creating further value in the North Sea
- Building a long-term strategy founded on focus, agility and our strong capabilities

Q&A

APPENDIX

Sustainable performance improvement as a result of decisive action

Underlying segment result and average brent oil price (USD/bbl)



Source: Maersk Oil Financials; IEA

Reserves and resources

(million boe)	End 2015	End 2014
Proved reserves (1P)	408	327
Probable reserves (2P _{increment})	241	183
Proved and Probable reserves (2P)	649	510
Contingent resources (2C)	492	801
Reserves & resources (2P + 2C)	1,141	1,311

2015 Highlights

- 1P Reserves Replacement Ratio (RRR) increased to 171% with 114m boe entitlement production in 2015 (RRR 2014: 30%)
- Significant 2P reserves additions, mainly from Johan Sverdrup and Culzean, of close to 300m boe
- 2P + 2C reserves and resources decreased 13% due to production and revision of projects mainly caused by lower oil price
- No Qatar reserves or resources included post mid- 2017.

