



Tyra II

Project Update

03 August 2022

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# Executive Summary



# Tyra: First Gas Due Winter 2023 / 2024



Project impacted by global supply chain constraints and TEG will leave Batam with offshore carry-over; however, installation of the final module remains an important milestone

## Onshore Fabrication Phase Complete

- **TEG load-out this week**, with module to **sail away from Batam early Sep 2022**
- Installation in Oct 2022, at which stage **all modules will be offshore in the Danish North Sea**

## TEG Will Sail With Offshore Carry-Over

- Maximising onshore progress has been a focus, but **challenged by overhang from COVID-19**
- **First gas critical offshore carry-over activities will be prioritised**

## Focus on Improving HUC Productivity

- Progress **impacted by supply chain constraints and difficult mobilising skilled workers**
- Phased nature of offshore HUC campaign provides **ample opportunity to improve**

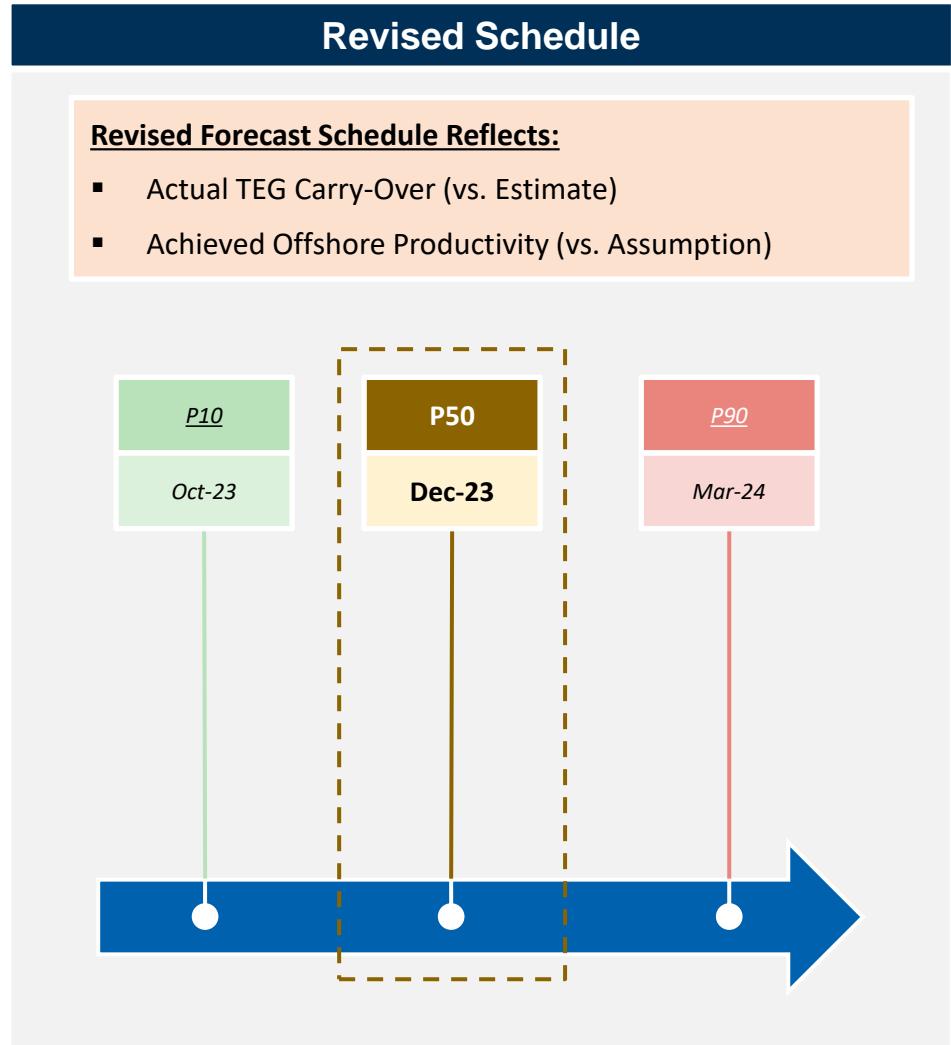
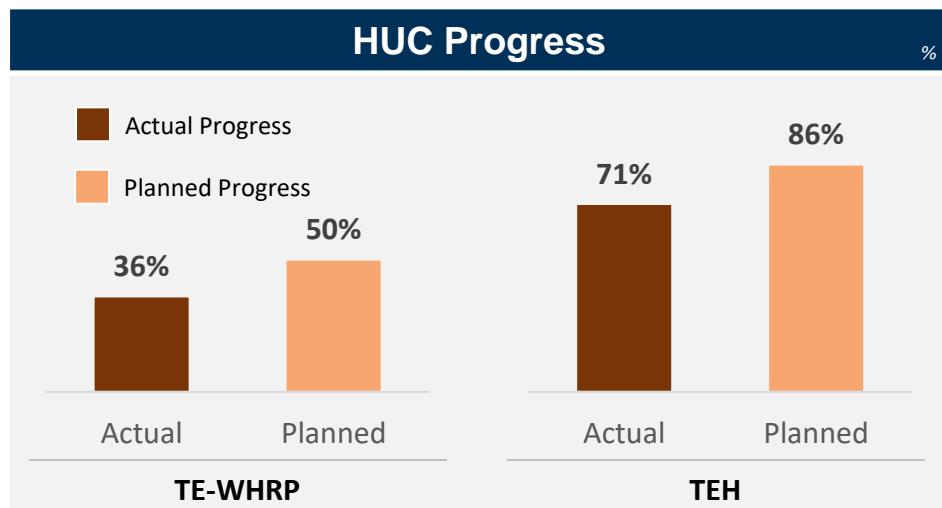
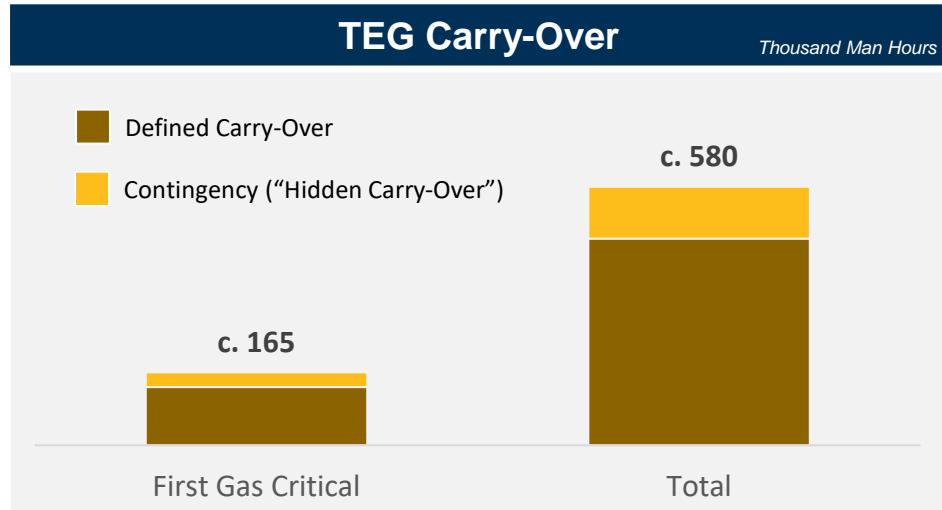
## Updated Forecast Schedule for Tyra

- **Schedule updated** given TEG carry-over work and revised offshore productivity assumptions
- **First gas** now expected, on a P50 basis, to occur in **December 2023**
- **Remaining required investment to first gas of c. \$300mm (net to Noreco)<sup>(1)</sup>**

<sup>(1)</sup> Noreco forecast based on operator preliminary estimates; subject to approval within the DUC partnership

# Impact on Tyra Project Schedule

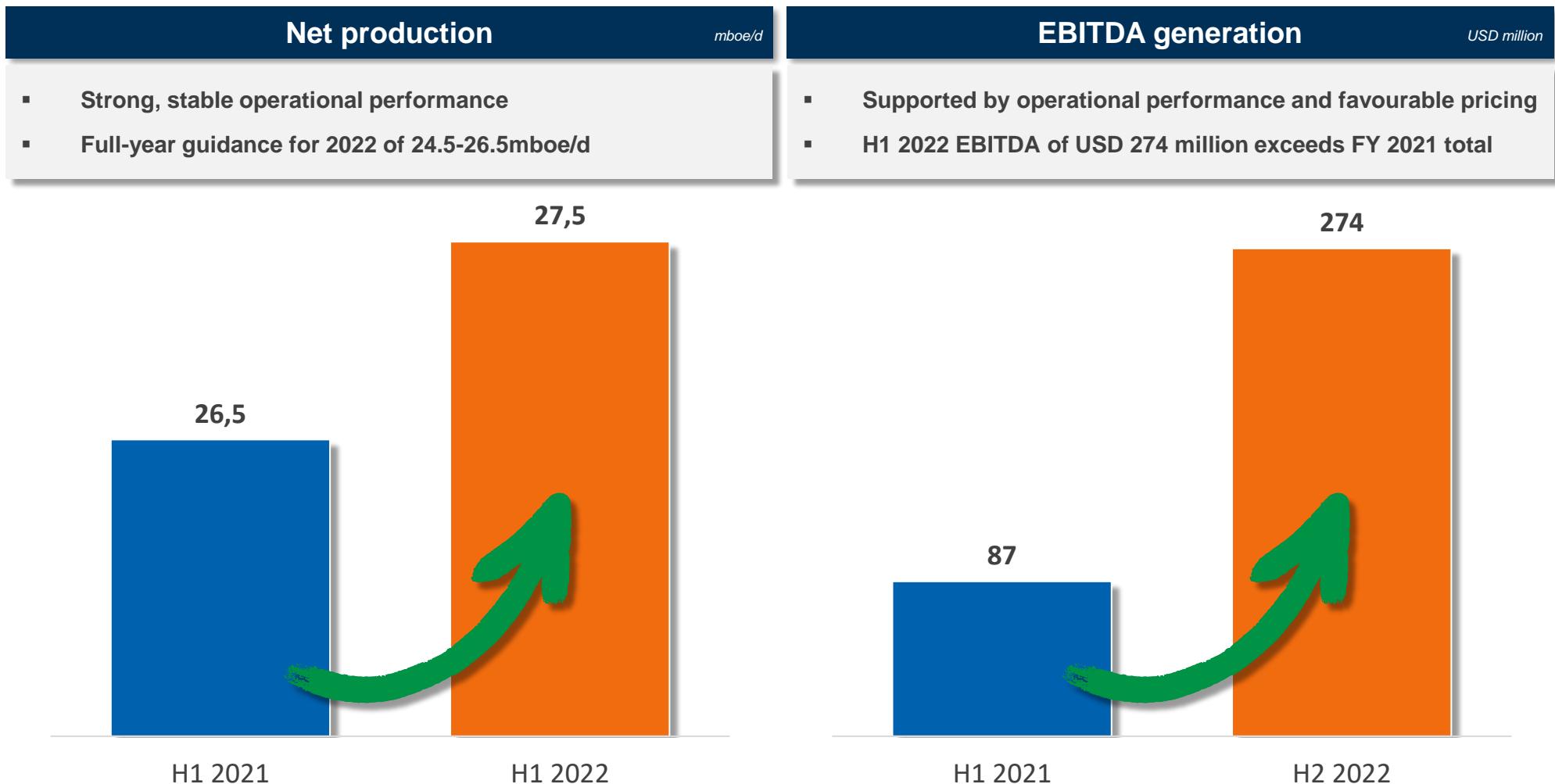
Schedule impacted by TEG carry-over and revised offshore productivity assumptions



# Noreco: Robust Underlying Business Model



Fully-funded based on current estimates, with strong ongoing contribution from underlying business



# Tyra Project Update



# Overview of the Tyra Redevelopment Project



Onshore fabrication complete and, from Oct-22, all eight modules installed offshore



# TEG: Imminent Load-Out for Early Sep-22 Sail-Away



Significant milestone reached when TEG sails, with onshore fabrication phase complete

## Preparation Underway for Sail-Away

- ① Load-out: w/c 1 Aug 2022
- ① Sail-away: w/c 1 Sep 2022
- ② Sailing Time: c. six weeks
- ③ Installation: Mid Oct 2022 with Heerema Sleipner secured

## ① GPO Emerald Preparing for Load-Out (Batam)



## ② Sailing Route: Batam to Denmark



## ③ Sleipner Secured for c. 17,000 tonne lift



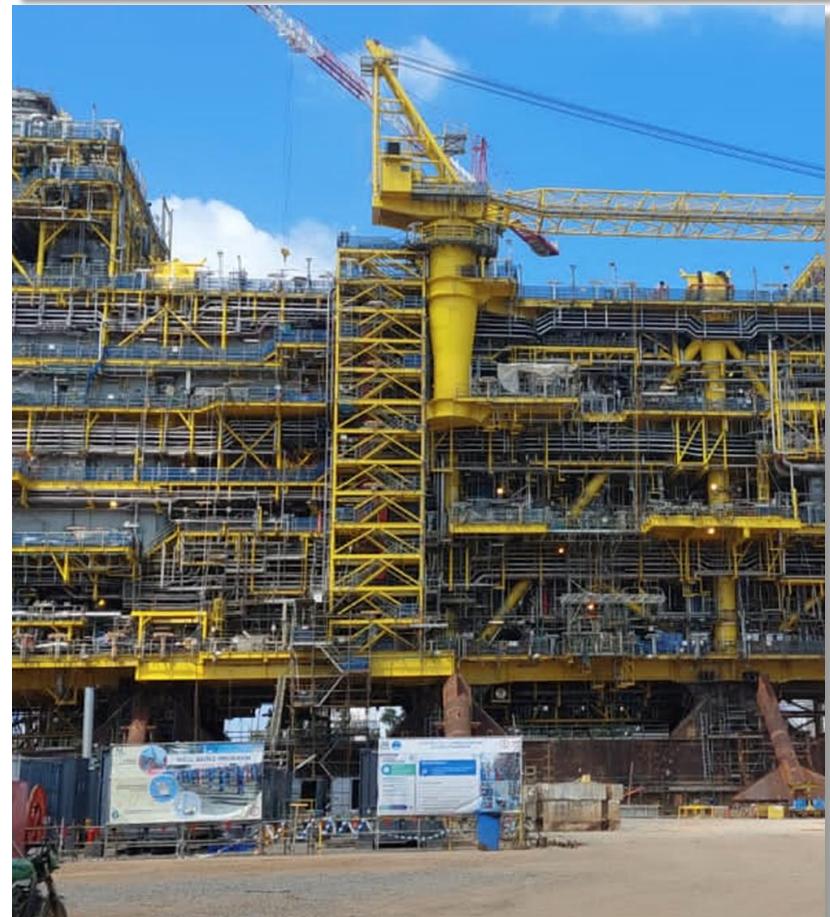
# TEG: Current Status

Fabrication impacted by global supply chain constraints, and pragmatic focus on first gas critical workstreams has resulted in pre- (c. 30%) and post-first gas linked carry-over work

## Current TEG Status

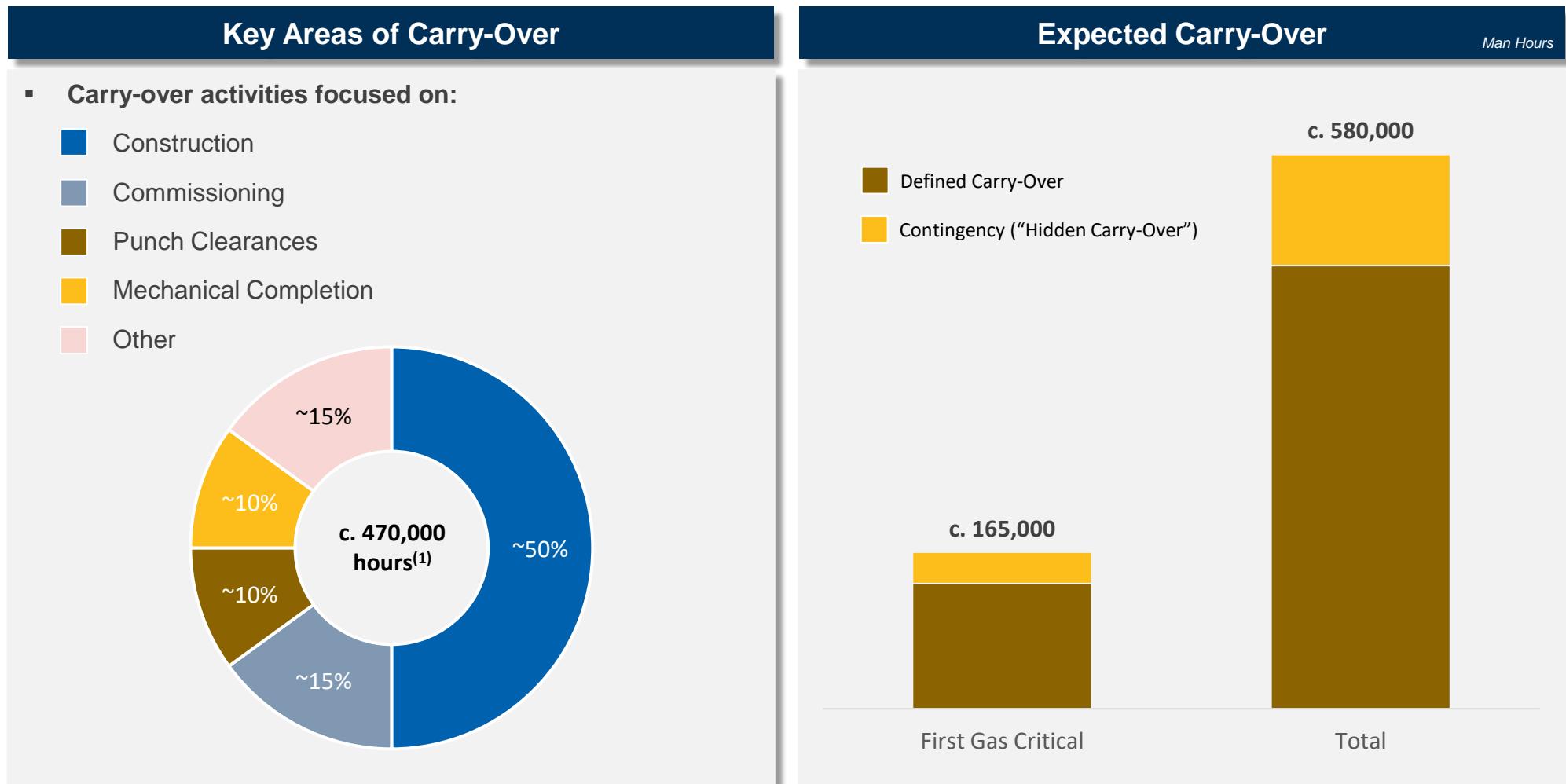
- With challenging onshore progress, TEG to leave yard incomplete
  - First-gas critical carry-over: c. 165,000 hours
    - Includes contingency (“hidden carry-over”) of c. 30,000 hours
  - Total carry-over: c. 580,000 hours
    - Includes contingency (“hidden carry-over”) of c. 120,000 hours
- Carry-over primarily due to quality issues and required re-work:
  - COVID-19 mandated restrictive working practices
    - Also reduced the level of supervision
  - Lack of skilled personnel, particularly in leadership roles
  - Inability to witness tests before accepting key equipment
- Mitigating actions proved to not be sufficiently effective:
  - Additional workers added at yard in Batam
  - Strengthening of TotalEnergies’ site team at the yard
  - Restructured contract and provision of substantial incentives

## TEG Onshore Fabrication Phase Complete



# TEG: Expected Carry-Over

First-gas critical activities to be prioritized, with related carry-over totaling c. 165,000 hours, while total carry-over related to TEG is expected to require c. 580,000 hours to liquidate



Source: Operator data

1) Note: c. 470,000 hours represents the level of Defined Carry-Over (as shown on the chart on the right) and excludes c. 110,000 of Contingency or "Hidden Carry-Over"

# Offshore HUC: Current Status

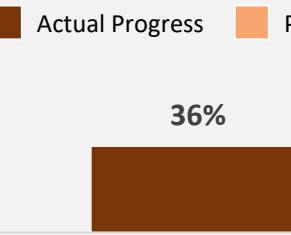
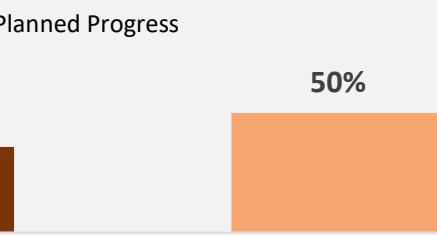
Phased nature of offshore HUC campaign provides opportunity to improve throughout

## Current HUC Status

- **HUC impacted by global supply chain constraints**
  - Particularly with difficulties in mobilizing skilled workers
- **Productivity levels currently below expectations**
  - This has resulted in progress that is behind plan:
    - TE-WHRP HUC: 36% complete vs. 50% planned
    - TEH HUC: 71% complete vs. 86% planned
- **Achieved productivity levels reflect:**
  - Challenges with availability of manpower
  - Delta vs initial “optimistic” productivity assumptions
  - “Hidden” carry-over with cranes and electrical systems
- **TotalEnergies has updated broader project schedule to reflect achieved productivity levels**
  - However, focus is on improving
  - Phased nature of HUC provides opportunity to do so

## Overview of HUC Progress to Date

TE-WHRP

 Actual Progress    Planned Progress

36%

Actual

50%

Planned

TEH

71%

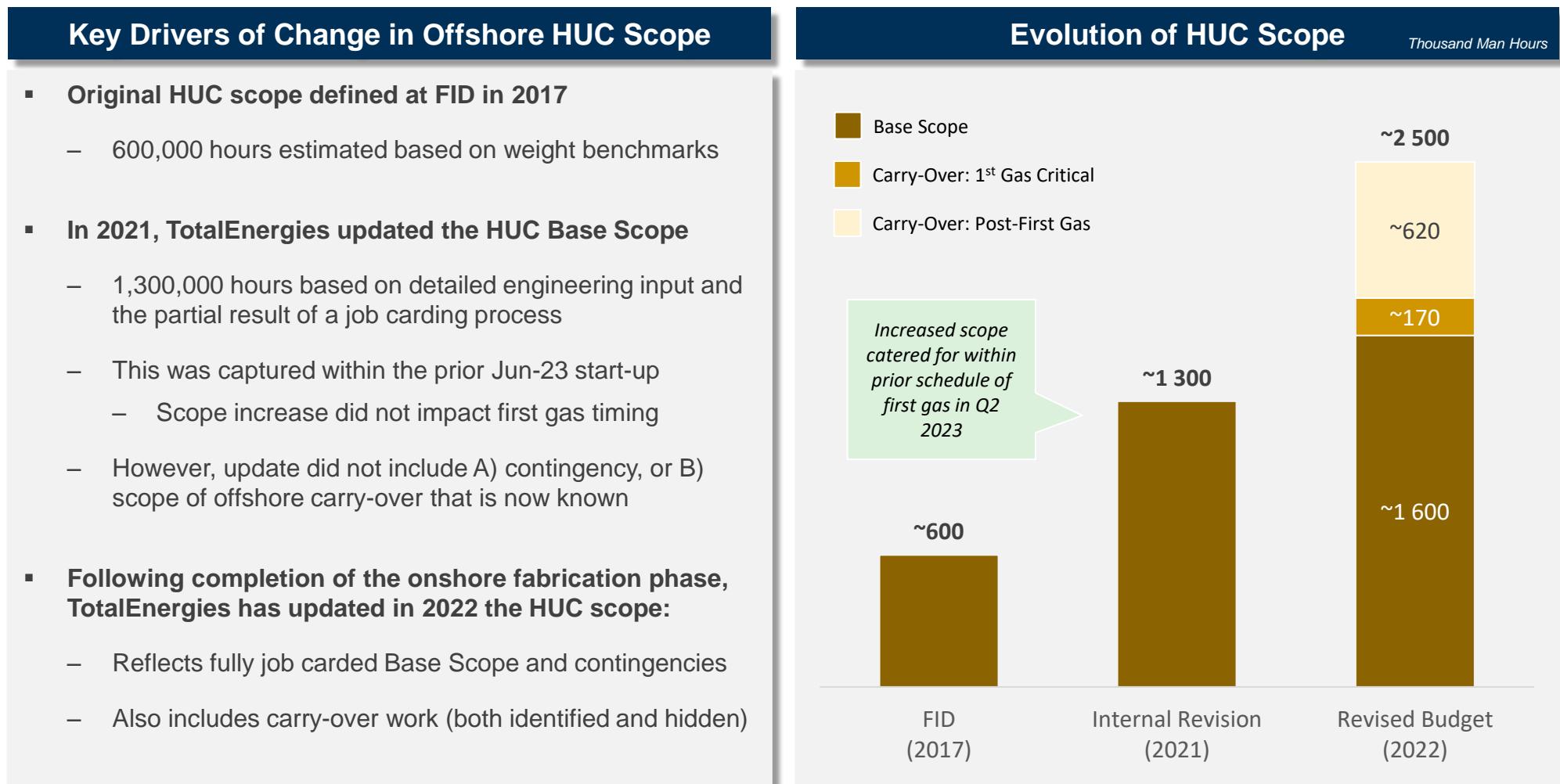
Actual

86%

Planned

# Offshore HUC: Outlook

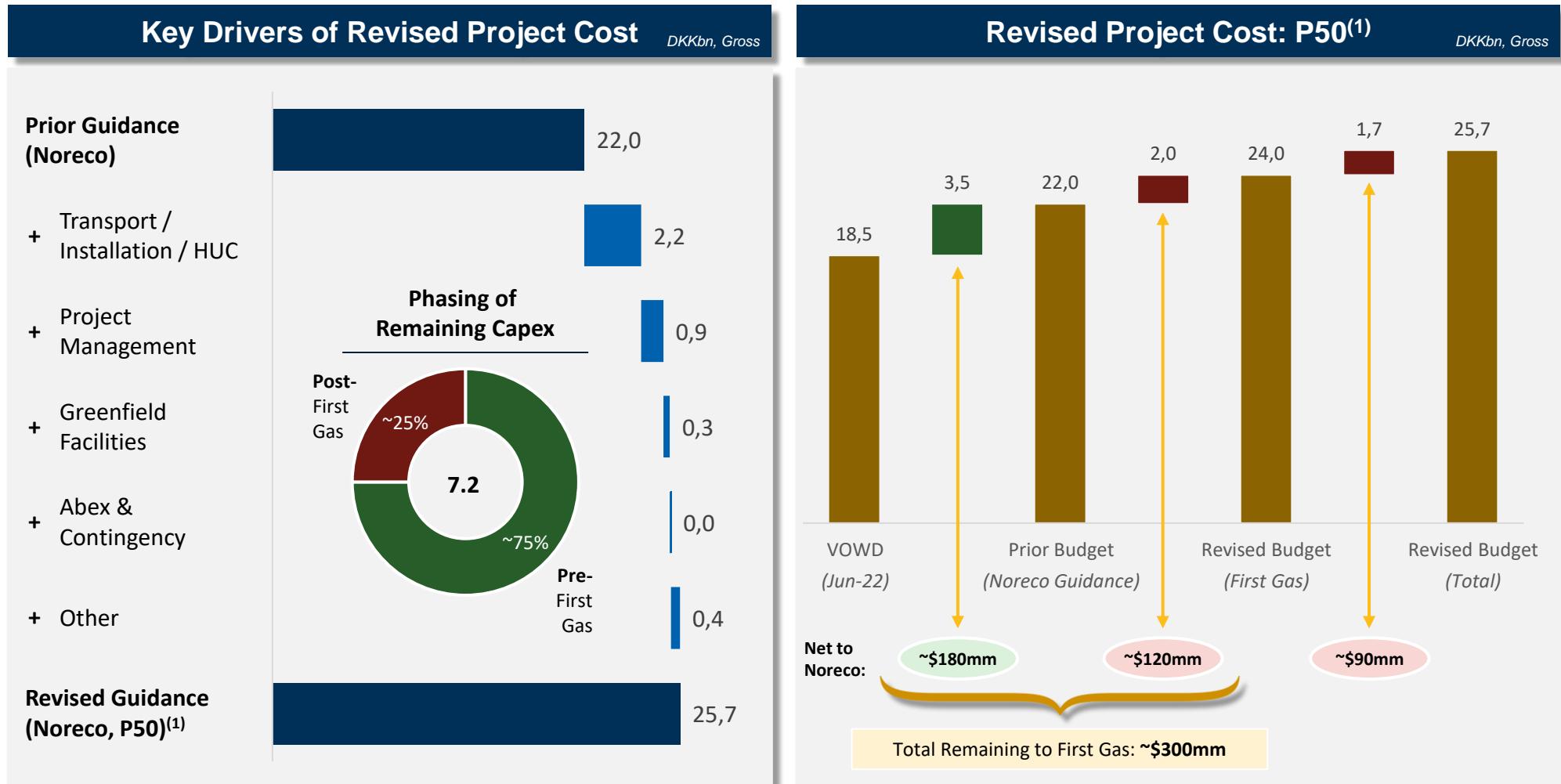
While offshore work has grown as a result of TEG carry-over and expanded base scope, TotalEnergies is now able to forecast with greater certainty based on actual experience



# Forecast Budget Based on Revised Schedule (P50)<sup>(1)</sup>



Noreco expects c. USD 300 million net capex remaining to achieve Tyra first gas



<sup>(1)</sup> Noreco forecast based on operator preliminary estimates; subject to approval within the DUC partnership

# Noreco Positioning



# Underlying Business Continues to Perform Well



Strong Performance Driven by Active and Targeted Approach



**Underlying Business Remains Strong**

- Outlook Supported by Commodity Price Environment



**Growing Organic Production**

- H1 2022 Production of **27.5mboe/d**, c. 4% higher than H1 2021



**Focus on Increasing Near-Term Volumes**

- WROM, infill opportunities, short-cycle development activity



**Significant Profitability**

- EBITDA in Q2 2022 of **\$167mm**



**Substantial Cashflow**

- FCF in Q2 2022 of **\$156mm (pre-capex)** and **\$95mm (post-capex)**



**Robust Capital Structure**

- Liquidity of **\$342mm** at the end of Q2 2022
- **Fully-funded** with material headroom based on current forecasts
- Forecast leverage remains **within covenant levels**

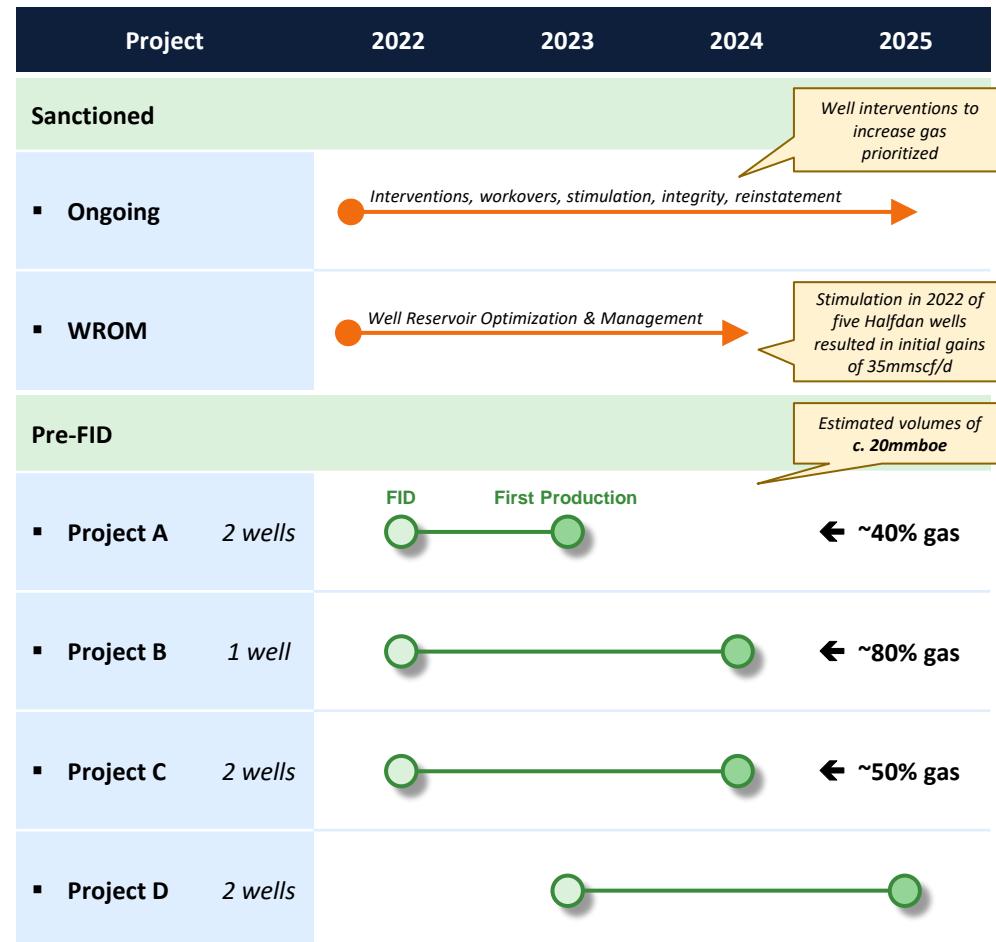
# Clear Focus to Maintain Strong Operations

Prioritizing incremental short-term, gas-weighted production opportunities

## Strong Performance and Positive Outlook

- Continued excellent operational performance
  - Strong performance from all hubs in H1 2022
- Increasing activity levels from Q2 2022
  - Production remained robust during period
    - Despite proactive workovers and well restimulations
    - Operating efficiency of 91% in the second quarter
    - Fewer planned and unplanned shortfalls
    - Supports future performance in H2 2022+
- Progress gas-weighted infill opportunities (seven wells)
  - Three FIDs expected in 2022, and one 2023 → First production expected in 2023
  - Estimated volume net to Noreco of c. 20mmboe
- Pursue additional short-cycle investments
  - Current commodity prices shorten payback period for projects with c. \$10/boe capital costs

## Overview of Near-Term Opportunity Set



# Capital Structure Remains Robust



Strong liquidity position, supported by meaningful cashflow generation



**Strong Liquidity Position**

- Cash on balance sheet at the end of Q2 2022 of **\$242mm**
- Total liquidity at the end of Q2 2022 of **\$342mm** (including \$100mm undrawn RBL capacity)
- Cash Call Security Agreement provides additional **\$140mm** funding for DUC cash calls
  - Structure from 2019, with cash released and replaced with \$100mm L/C post Tyra first gas
- Funding position supported by **cashflow generation from operations in current environment**



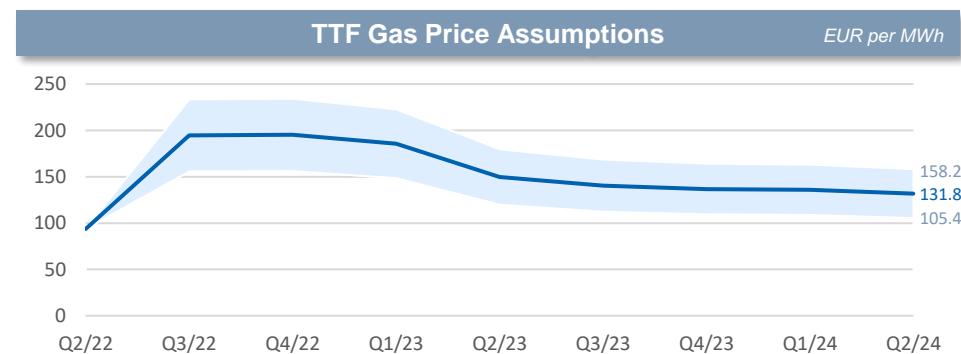
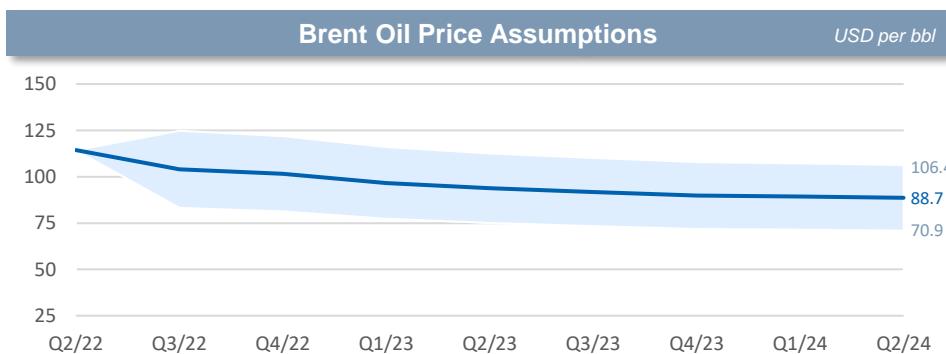
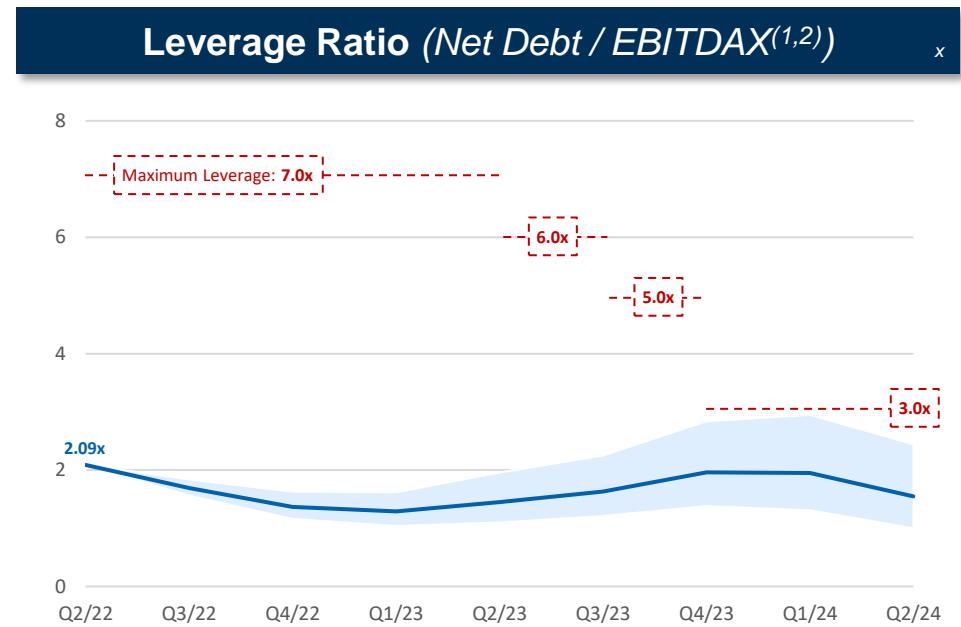
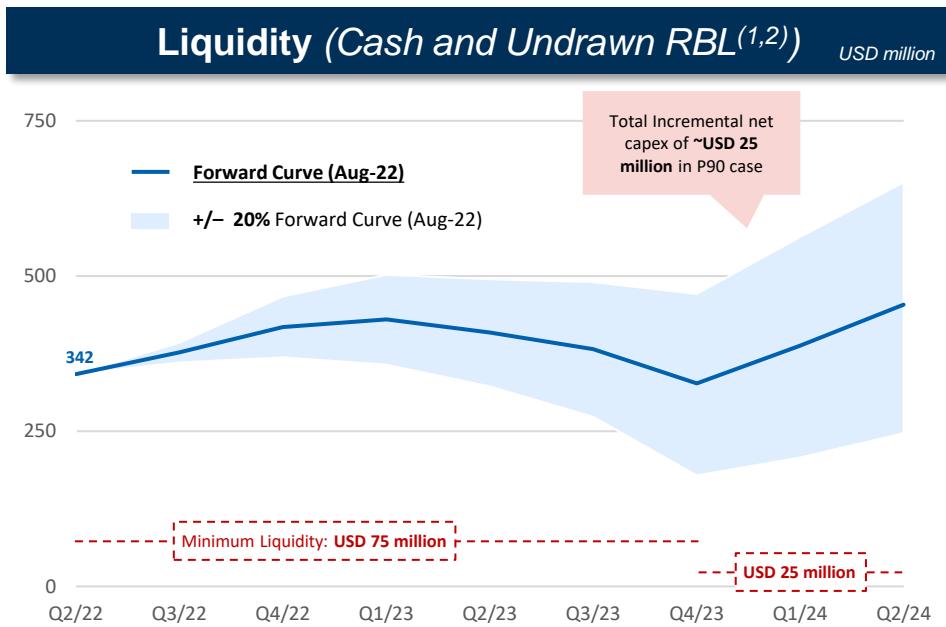
**Stable Capital Structure**

- **RBL redetermination completed at end Jun-22** with Borrowing Base confirmed > \$1bn
- **No cash debt principal repayments pre H2-2024** when RBL amortisations scheduled to start
- **Forecast leverage levels expected to remain within NOR14 covenant levels**

**Noreco Remains Fully-Funded with a Capital Structure that Continues to be Set to Deliver Tyra**

# Robust Financial Outlook: Illustrative Forecasts

Fully-funded to deliver the Tyra project: DKK 25.7 billion total cost and P50 first gas (Dec-23)



1) Based on forward curve for Brent and TTF as of Aug 2022. Source: Bloomberg

2) Includes undrawn RBL capacity of USD 100 million, which is subject to semi-annual redetermination of borrowing base; excludes USD 140 million held under CCSA

# Conclusion



# Focus: Securing and Expediting Tyra II First Gas



Strong outlook supports both Noreco's stable capital structure and robust liquidity position

**Importance of Tyra II Clearly Understood**

Economically, strategically, politically

**Focus Remains on Expediting First Gas**

Active approach to improving performance

**Noreco's Underlying Business Remains Strong**

Significant profitability and cashflow generation

**Robust Financial Position**

Fully funded with stable capital structure

# Q&A Session



# Glossary



# Glossary

|         |  |
|---------|--|
| COW     | Carry-Over Work                            |
| FID     | First Investment Decision                  |
| HUC     | Hook-Up & Commissioning                    |
| RBL     | Reserve Base Lending facility              |
| TEG     | Process Module                             |
| TEH     | Accommodation Unit                         |
| TE-WHRP | Tyra East wellhead and riser platform      |
| TW-WHRP | Tyra West wellhead and riser platform      |
| WROM    | Well Reservoir Optimisation and Management |