



## 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

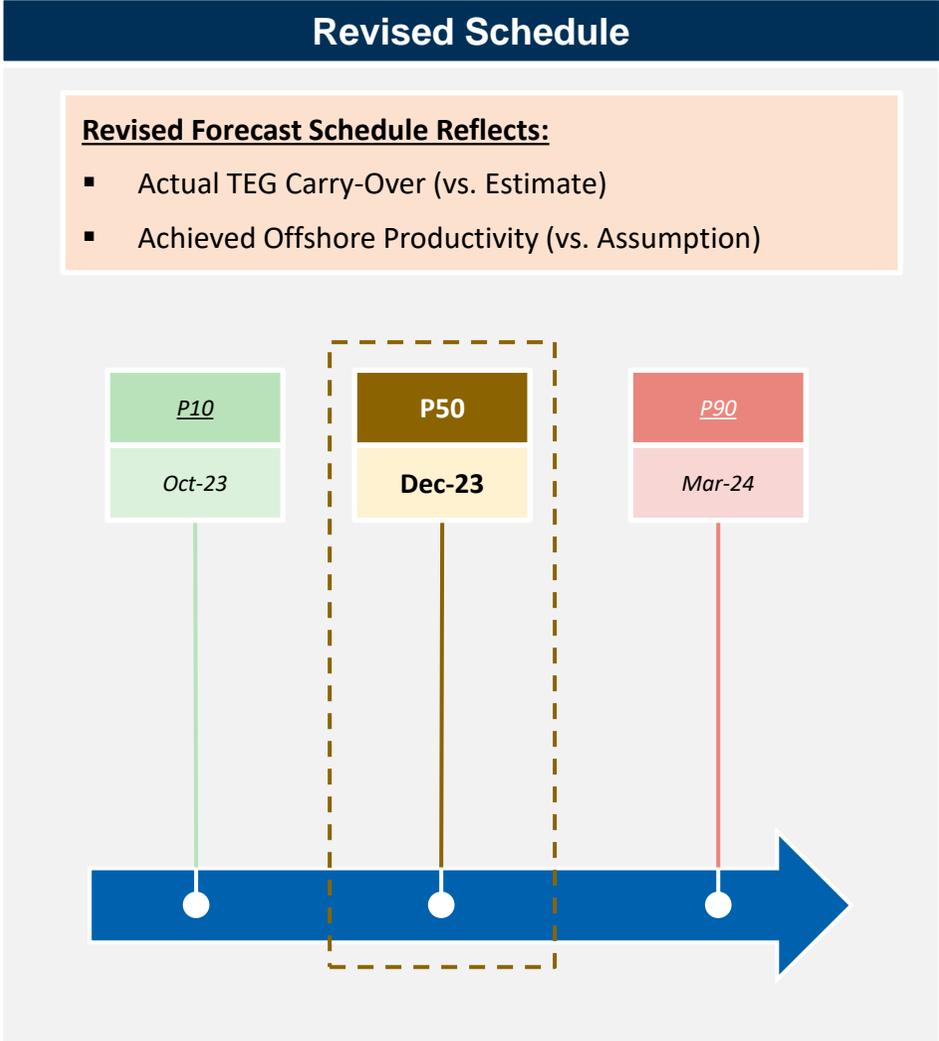
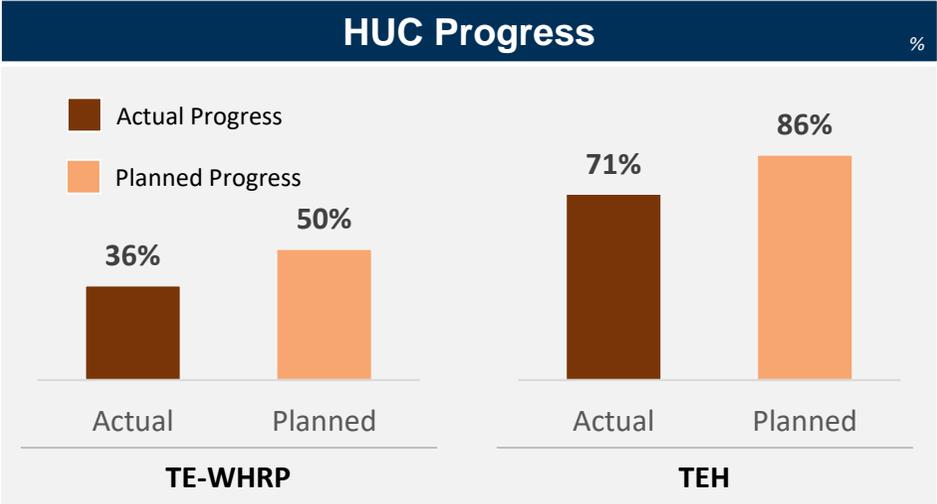
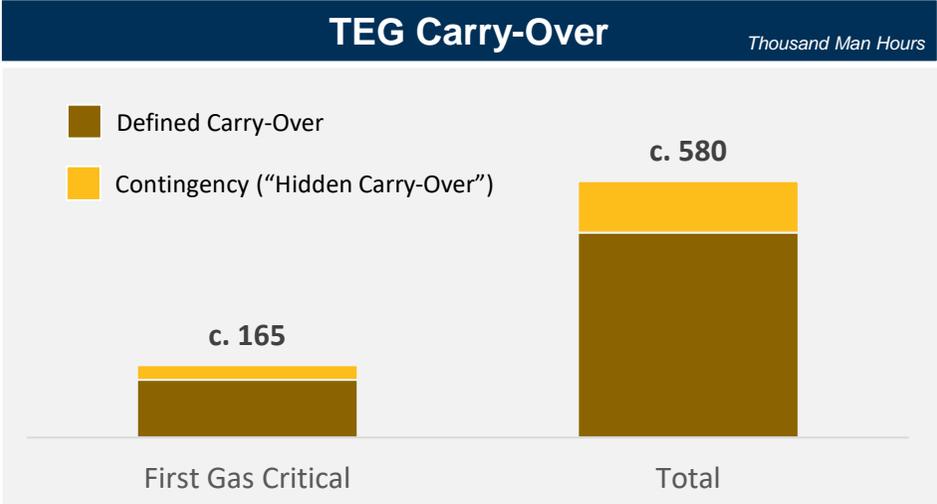
- **Schedule updated** given TEG carry-over work and revised offshore productivity assumptions
- **First gas** now expected, on a P50 basis, to occur in **December 2023**
- **Remaining required investment to first gas of c. \$300mm (net to Noreco)<sup>(1)</sup>**

1) 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



Source: Current estimates by operator TotalEnergies

# Noreco: Robust Underlying Business Model



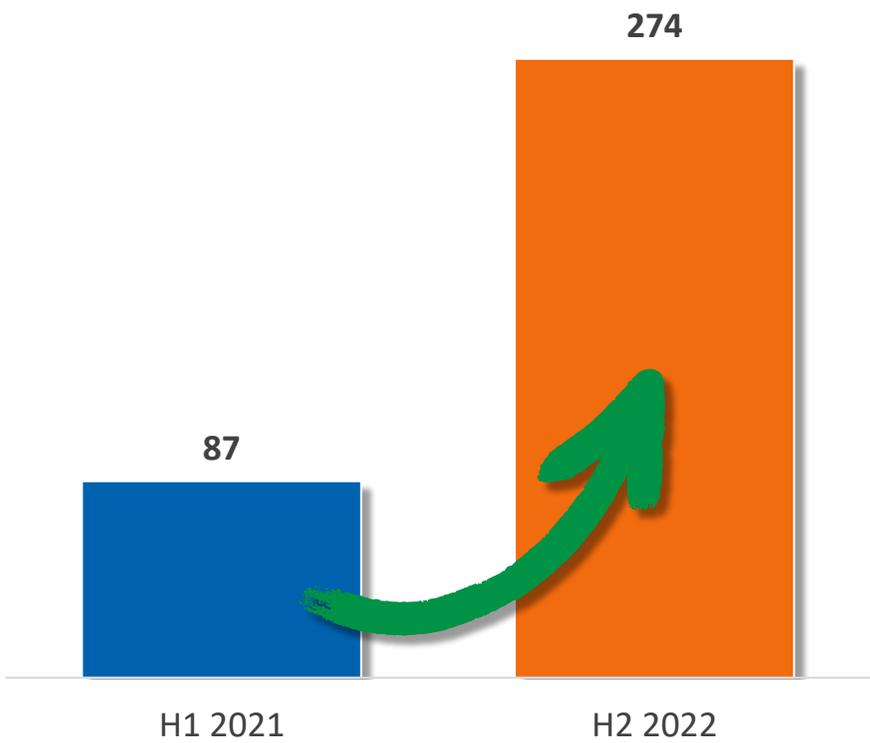
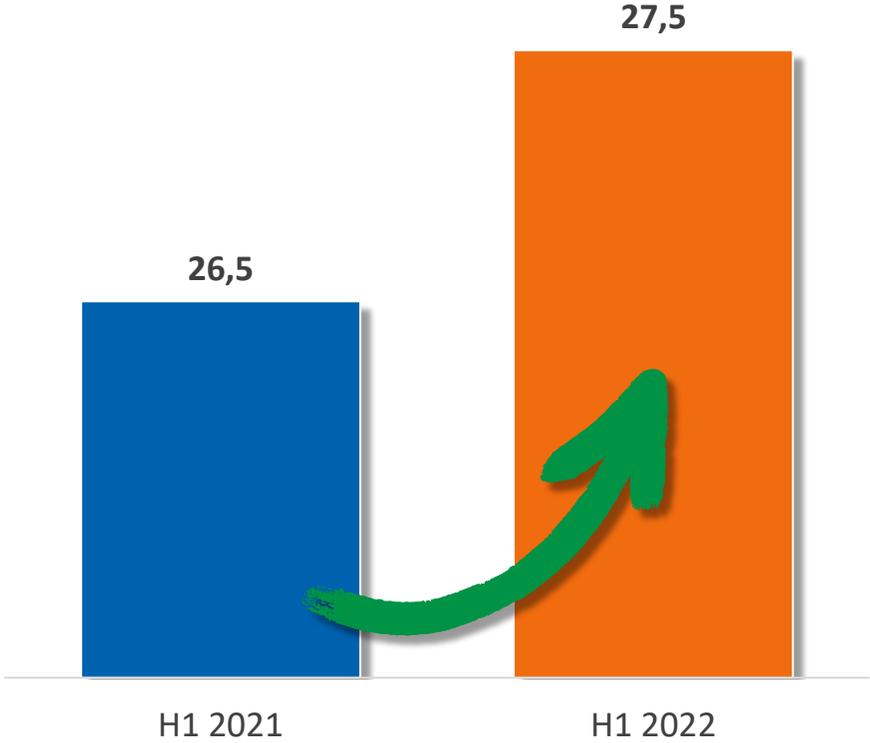
Fully-funded based on current estimates, with strong ongoing contribution from underlying business

## Net production mboe/d

- Strong, stable operational performance
- Full-year guidance for 2022 of 24.5-26.5mboe/d

## EBITDA generation USD million

- Supported by operational performance and favourable pricing
- H1 2022 EBITDA of USD 274 million exceeds FY 2021 total



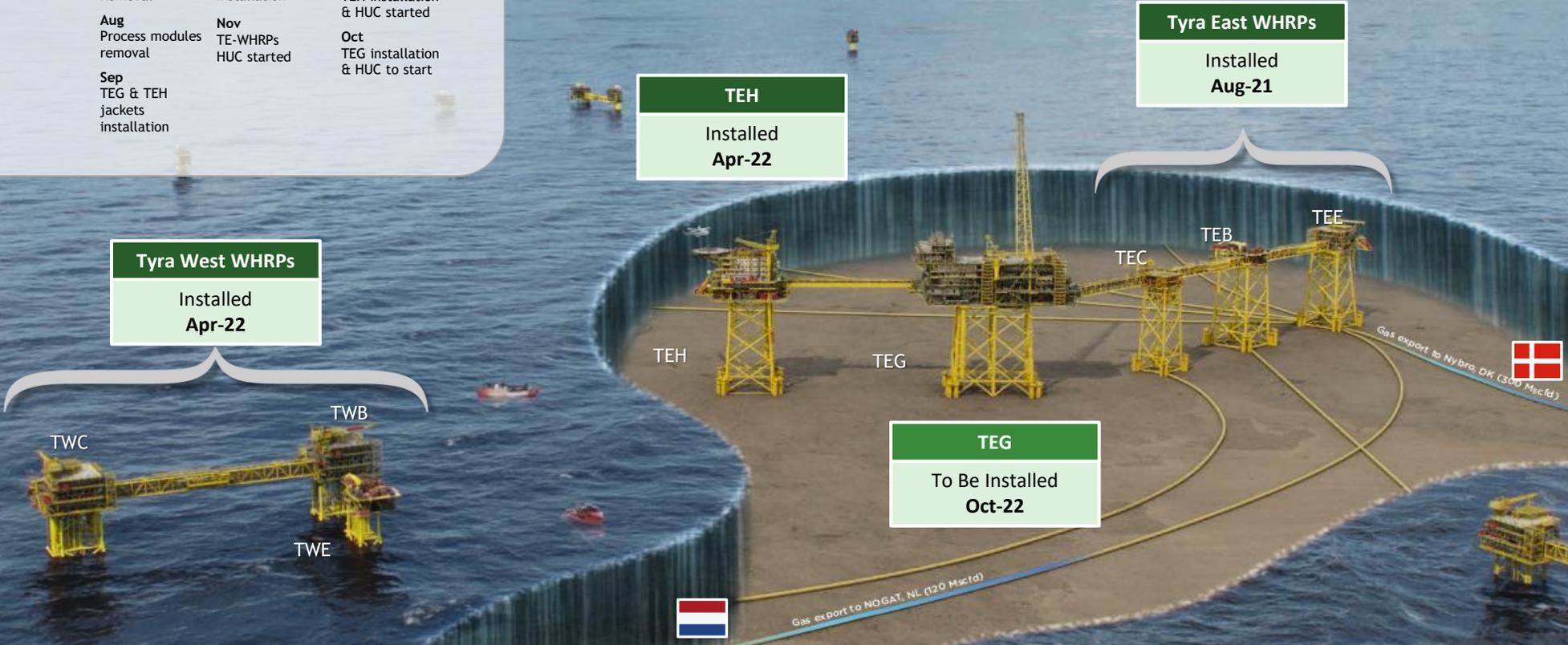
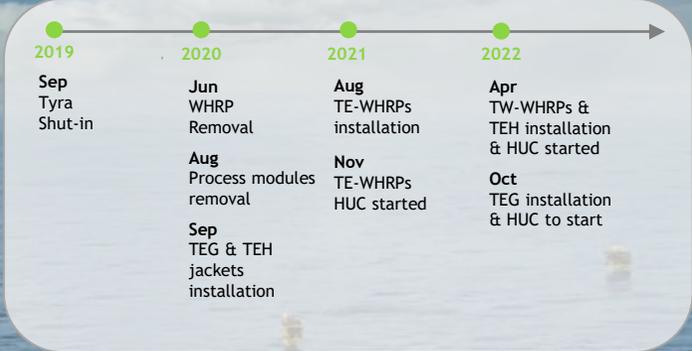
# Tyra Project Update



# 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 Hereema 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



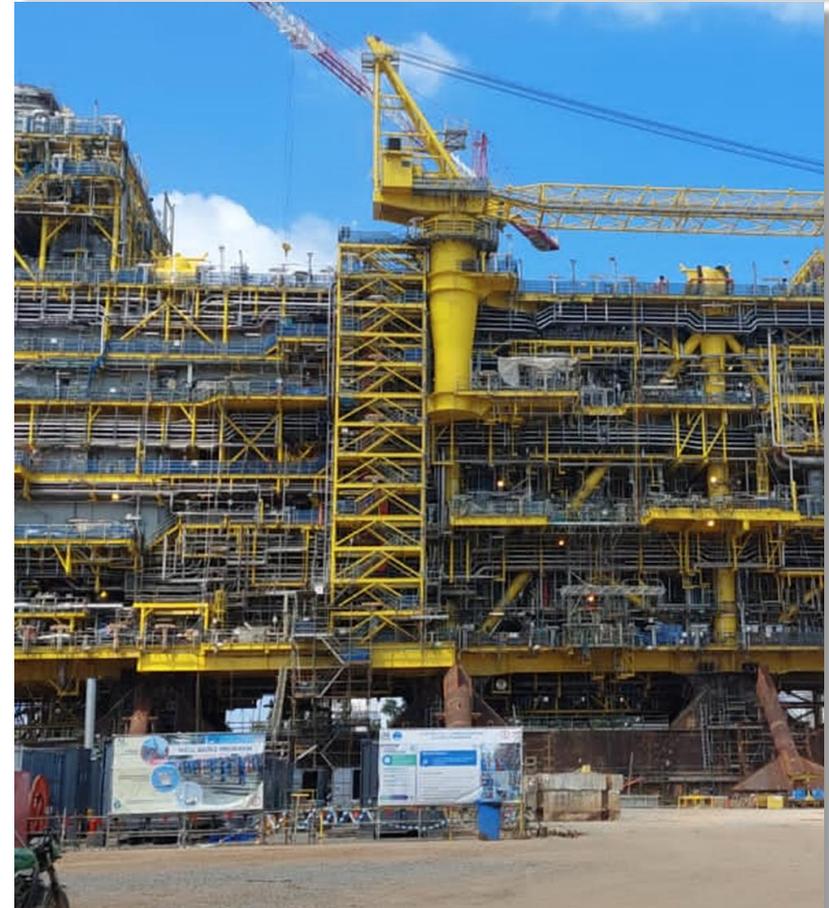
# TEG: Current Status

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

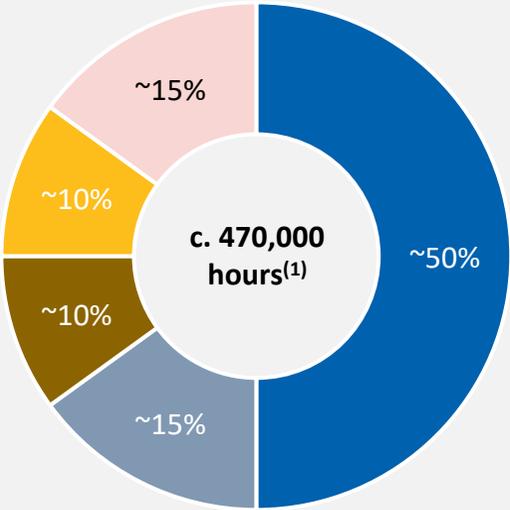


First-gas critical activities to be prioritized, with related carry-over totaling c. 165,000 hours, while total carry-over related to TEG is expected to require c. 580,000 hours to liquidate

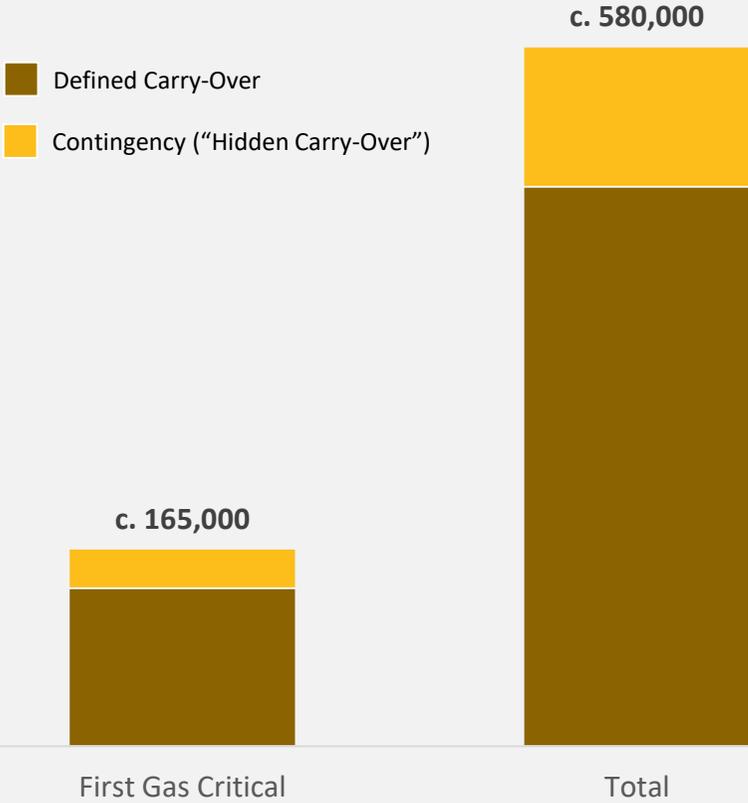
## Key Areas of Carry-Over

Carry-over activities focused on:

- Construction
- Commissioning
- Punch Clearances
- Mechanical Completion
- Other



## Expected Carry-Over Man Hours



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

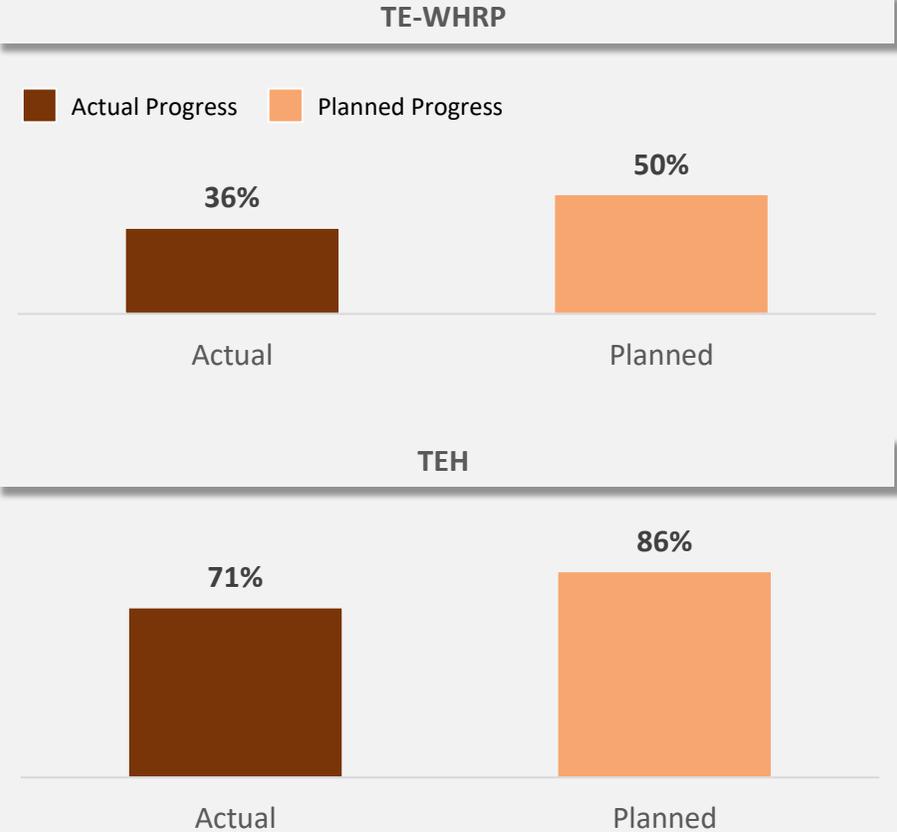


Phased nature of offshore HUC campaign provides opportunity to improve throughout

## 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



# Offshore HUC: Outlook

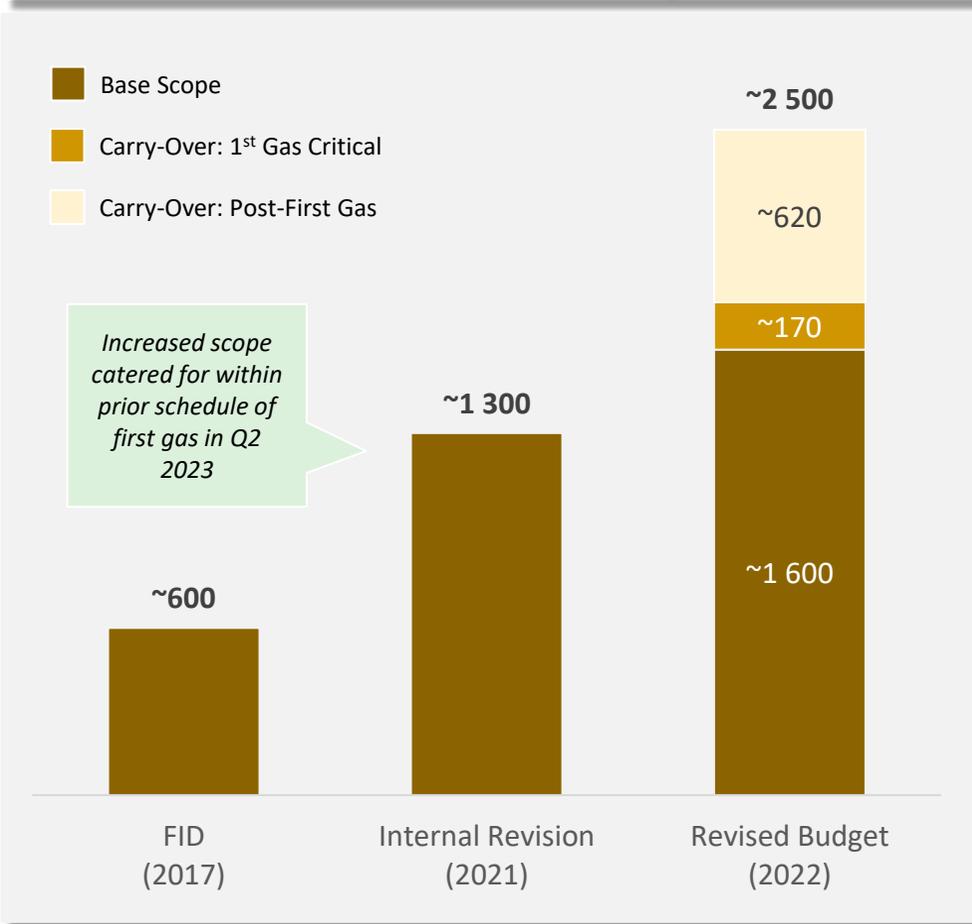


While offshore work has grown as a result of TEG carry-over and expanded base scope, TotalEnergies is now able to forecast with greater certainty based on actual experience

## Key Drivers of Change in Offshore HUC Scope

- **Original HUC scope defined at FID in 2017**
  - 600,000 hours estimated based on weight benchmarks
  
- **In 2021, TotalEnergies updated the HUC Base Scope**
  - 1,300,000 hours based on detailed engineering input and the partial result of a job carding process
  - This was captured within the prior Jun-23 start-up
    - Scope increase did not impact first gas timing
  - However, update did not include A) contingency, or B) scope of offshore carry-over that is now known
  
- **Following completion of the onshore fabrication phase, TotalEnergies has updated in 2022 the HUC scope:**
  - Reflects fully job carded Base Scope and contingencies
  - Also includes carry-over work (both identified and hidden)

## Evolution of HUC Scope Thousand Man Hours



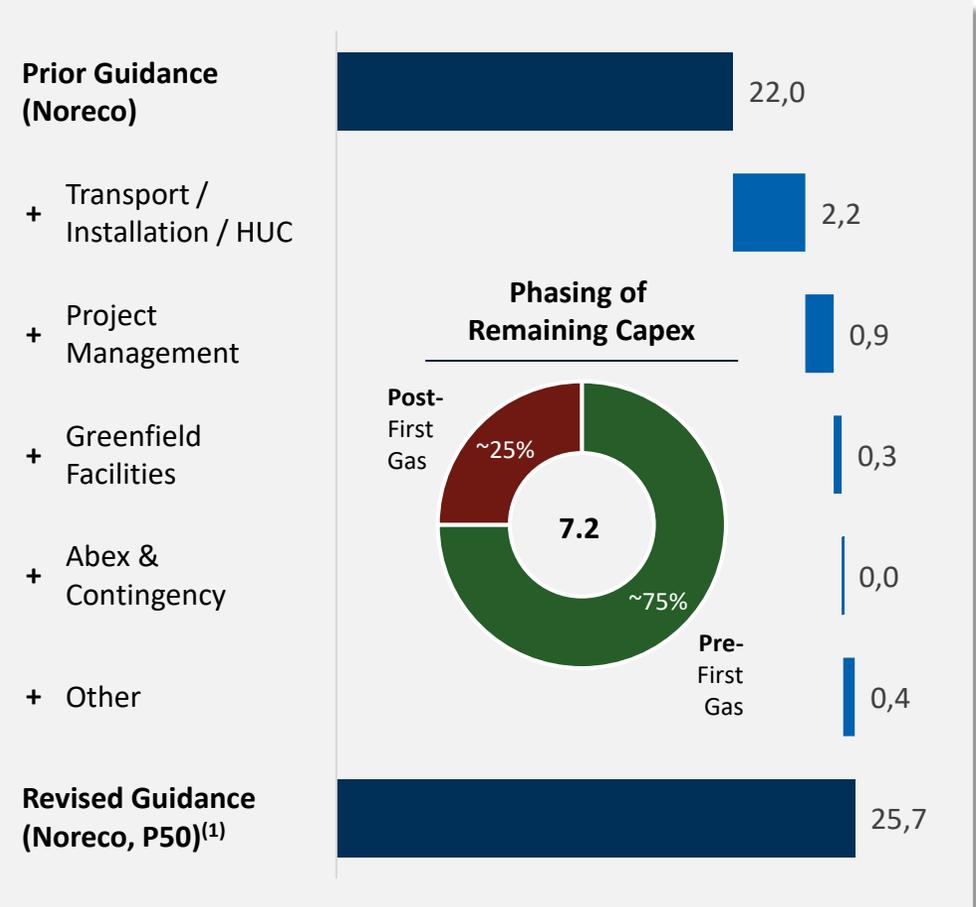
Source: Current estimates by operator TotalEnergies

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

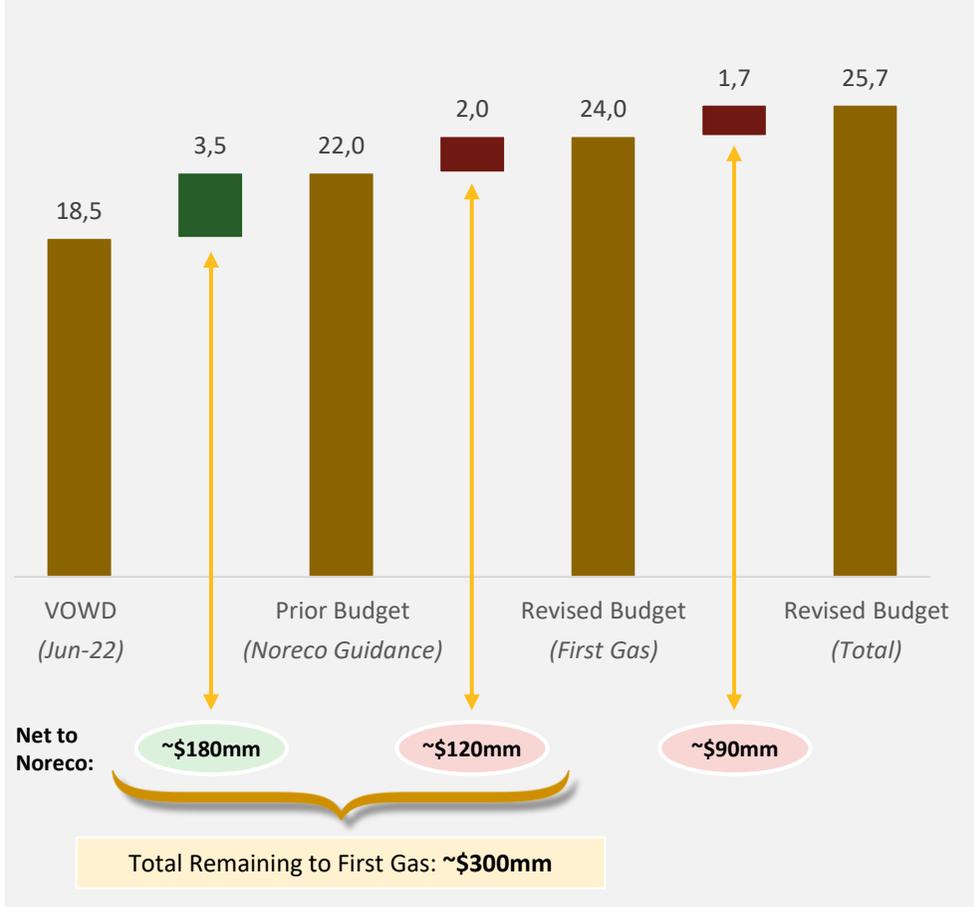


Noreco expects c. USD 300 million net capex remaining to achieve Tyra first gas

## Key Drivers of Revised Project Cost DKKbn, Gross



## Revised Project Cost: P50<sup>(1)</sup> DKKbn, Gross



1) 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

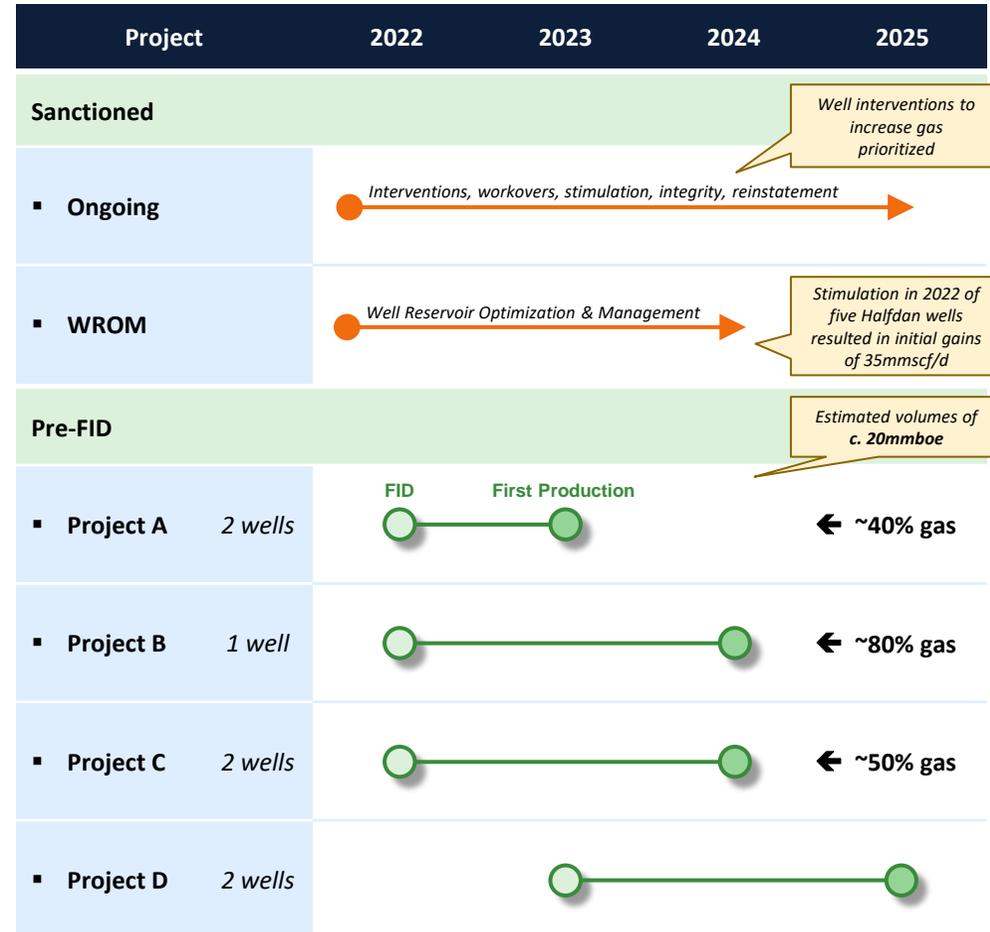


Prioritizing incremental short-term, gas-weighted production opportunities

## 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**

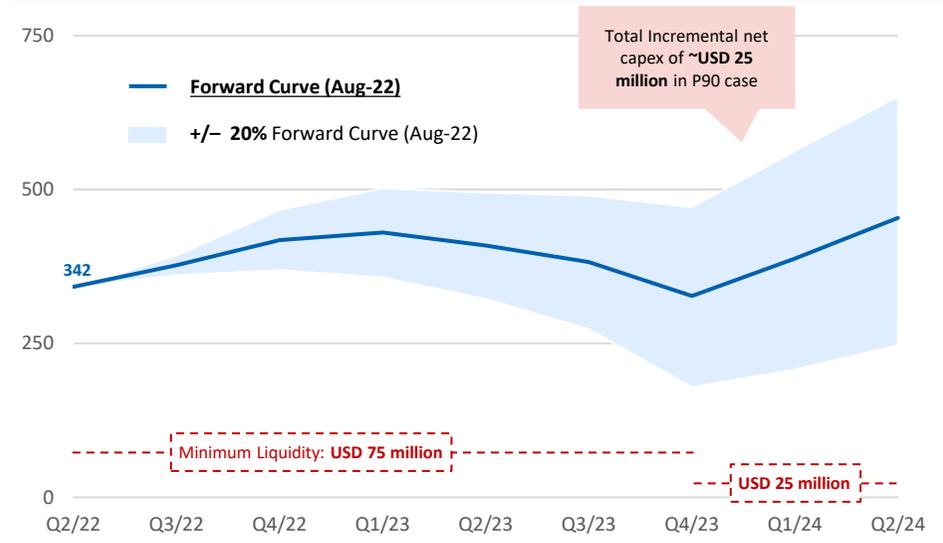
Noreco Remains Fully-Funded with a Capital Structure that Continues to be Set to Deliver Tyra

# Robust Financial Outlook: Illustrative Forecasts

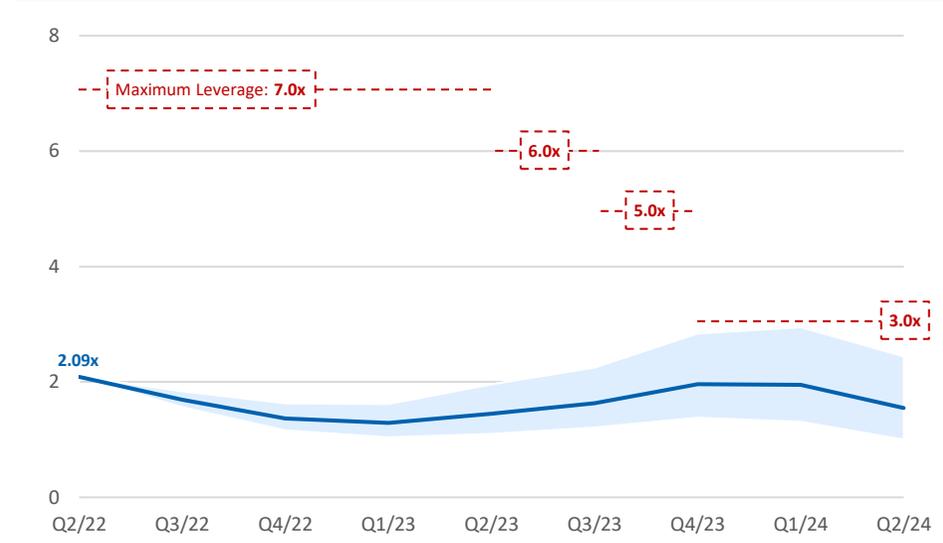


Fully-funded to deliver the Tyra project: DKK 25.7 billion total cost and P50 first gas (Dec-23)

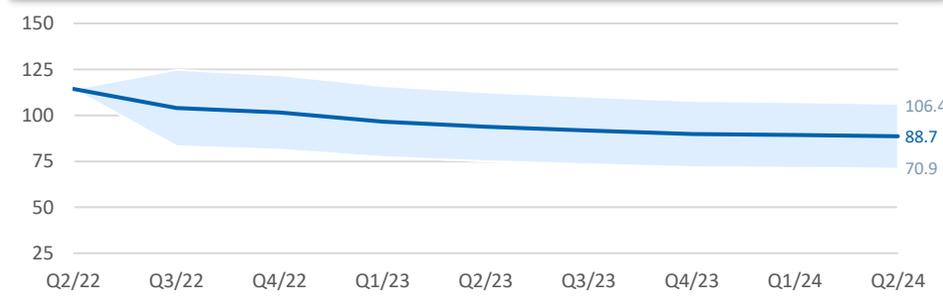
## Liquidity (Cash and Undrawn RBL<sup>(1,2)</sup>) USD million



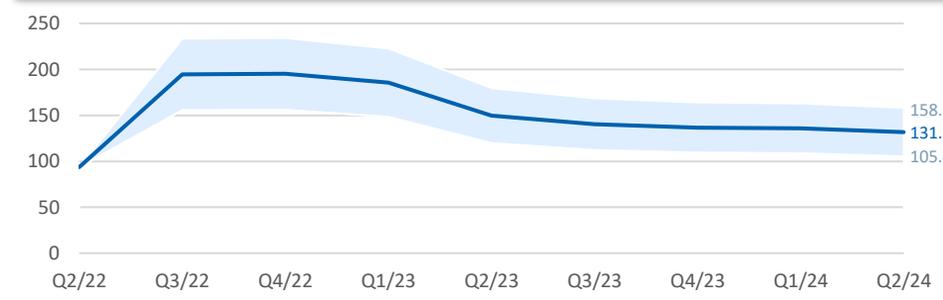
## Leverage Ratio (Net Debt / EBITDAX<sup>(1,2)</sup>) x



## Brent Oil Price Assumptions USD per bbl



## TTF Gas Price Assumptions EUR per MWh



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