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OKEA

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QUARTR

MODULAR FINANCE

Speakers

Operator

Svein Liknes
CEO | OKEA

Birte Norheim
CFO | OKEA

Prepared Remarks

Svein Liknes
CEO | OKEA

Good morning and welcome to the OKEA presentation of the Q1 results for 2025. My name is Svein Liknes, I'm the CEO of OKEA, and I'm joined by Birte Norheim, our CFO, who will go through the financial section after my operations update. There is a link on our homepage that will take you to the Q&A session, which will commence straight after this presentation. I hope as many as possible will join us there. The highlights for the first quarter have been very strong operational performance yet again. We have seen very strong production and also high production efficiency on our operated assets and also on our partner operated assets. Our production average for the quarter has been 34,200 barrels of oil equivalents per day, which is a slight reduction from the previous quarter.

Svein Liknes
CEO | OKEA

And our sold volumes are 39,100, which obviously implies that there is an overlift in the quarter. In addition to very strong operations performance, we also see improved financial performance on our metrics there, both on our revenue and EBITDA during the quarter. Our net profit after tax is also up, and our net cash position has also strengthened during the quarter. Birte will get back to more details on these numbers thereafter. When it comes to the portfolio of OKEA, we are developing our projects according to plan. We made a discovery during the first quarter on Mistral that we have announced with an estimated resource of 19-44 million barrels of oil equivalent. We have also been drilling the Prince exploration well from Brage, which has been completed not in Q1, but now in April.

Svein Liknes
CEO | OKEA

So we are still assessing the volumes there, so we will get back to that. We have also farmed into the Tverrdal prospect, which is very close to Brage and a very important area for Brage and the future development and potential lifetime extension for Brage. Those portfolio optimizations are something we have also executed on in this quarter. Jumping into the numbers, the safety on the serious incident frequency is still the same, 1.1, which means that there have been no additional serious incidents during the quarter because this is a 12-month rolling average. Production, I have just mentioned, 34.2, and we have seen production efficiency above 90%, namely 91%, which has been slightly affected by one well which has been shut in on Draugen during the quarter and also a five-day shutdown on the Statfjord field in January.

Svein Liknes
CEO | OKEA

But also we are very pleased to see that the production expenses are arrested, but actually also declined. So we have gone from $19.7 to $18.6 per barrel lifted in the company. So that is also a very good trend that we are proud of. The production volume and efficiency on the top bar here, you can see that we have taken out now the Yme productions that we completed the sale of in November last year. For the remaining assets, you see that we have very stable operations with the main contribution coming from the Draugen asset, but also a very important contribution from the Statfjord asset. Slightly down on Draugen, and that is because of this D2 well that has been shut down during the quarter. Again, Q4 was a very strong quarter for Draugen because of the increased Hasselmann's production, which is continuing also in Q1.

Svein Liknes
CEO | OKEA

That also reflects a bit on the production efficiency on Draugen, which is now down to 87%. That is due to this well which has been shut in. As you can see on the remaining portfolio, very strong performance up in the high 90s, except Statfjord, which ended up at 89% because of the five-day shutdown in January predominantly. So quick operational update from all our assets. As I just mentioned, Draugen, very good production performance, just offset by the D2 well, but the continued performance from Hasselmann's that we increased and ramped up during Q4 last year, that has also continued into this year. We are currently doing an intervention campaign on a D2 well to actually get rid of this scale so we can get that well back in operation during the second quarter of this year.

Svein Liknes
CEO | OKEA

Brage, again, very strong operations performance with very high production efficiency. We have drilled the exploration well Prince, which some of you may remember consisted of two pilots into the Sognefjord East. We have also now completed the production well. We're not completed it, but we are on the total depth for the A23 production well, which is the Kim discovery. We are now running completion there and planning to put that into operation in July this year. I would also like to mention on the drilling of the exploration wells from Brage that we drilled a well which was 10,023 meters long, which is the third longest well which has been drilled on the Norwegian Continental Shelf. So again, very confident that we do have the right people with the right competence and also the equipment to actually drill long-reach wells from Brage in the future.

Svein Liknes
CEO | OKEA

For the Statfjord area, we have a new drilling strategy, which obviously takes time to implement, but that has now been improved and is being planned. And the production efficiency was slightly affected by the five-day production shutdown in January that I just mentioned, but is currently producing stable. Ivar Aasen, again, very stable quarter from Ivar Aasen. The main thing on Ivar Aasen now is to plan on the infill oil recovery drilling program, which will start then in 2026. We are still seeing, by the way, very good effect of the updated water injection strategy that we have implemented on Ivar Aasen. Last but not least, the Ula area, still very strong production with high efficiency. We are also now seeing very good results from the water injection system that was reestablished in Q4 last year, which has delivered quite good production then during the first quarter of this year.

Svein Liknes
CEO | OKEA

Another thing about the Nova area is all these discoveries, which is within the catchment area of Nova. We are participating in several of these and we want to see if we can mature these into Nova as a host for the future. Just a quick update on what we do on our operated assets. As you can see, Brage here continues to deliver quite high. There is a slight drop in the production between 2024, as you can see in Q1 2025, but that is, you know, natural decline. That is why we have to drill new wells and new production wells on Brage continuously, which then have increased the production in the past. That is also why we are now completing the A23 well, which from July will also then contribute with production.

Svein Liknes
CEO | OKEA

But also significant here to see is that we have increased the production regularity or efficiency and also the volumes in the ground, which obviously is the whole foundation for extending the lifetime and continuing to drive value on these assets. Draugen again continues to produce very well, so producing more now than compared to when we took over the asset. And the most significant thing there, though, is in addition to the increased resources, the increased lifetime from 2027 to 2040 and beyond. Our development projects, still the two major ones, there is the Draugen Power from Shore, which will drive down the emissions from Draugen when it's in operation from 2028, but also create a very stable and predictable cost picture when it comes to power generation for Draugen.

Svein Liknes
CEO | OKEA

Also a very important milestone or a pillar for the 2040 production until 2040 that we have for Draugen. What we have done now in the Power from Shore project is that the cable from onshore to Draugen is now completely installed. The cable to Njord from Draugen is installed on the Draugen side, and we have seen good progress onshore with the onshore facility. We are now moving into an installation phase offshore, where we are now putting components into the areas where we have now done quite a bit of construction activity offshore over the last year, year and a half. Our second project, which is the development project of Bestla, previously known as Brasse to Brage, that continues on schedule and also on cost.

Svein Liknes
CEO | OKEA

We have now completed the subsea template in Egersund in Norway by Aker Solutions, which will now be then installed during the second quarter of this year, ready for drilling of the wells then in the third quarter of this year. So that is also on track, with still a production startup, as previously announced, early in 2027. So with that, I will then hand over to Birte for the financial updates, and then I will get back with a quick summary before we go into the Q&A session. So with that, I hand over to you, Birte.

Birte Norheim
CFO | OKEA

Thank you, Svein. The financial statements reflect solid operational results combined with a recovery of an underlift position, resulting in more than 3.5 million barrels sold in the quarter. As previously announced, this is the first quarter we report with US dollars as presentation currency. Previous periods have been restated so that all figures presented in this first quarter reporting are US dollar-nominated. Restatement of all previous reporting periods are available at our website at https://www.okea.no. Let's dig into the details and starting with production and sales as usual. Production performance remains good and resulted in 34,200 barrels of oil equivalents per day. The reduction was mainly due to no volumes from Yme in the quarter following completion of the sales transaction in November. In addition, one well at Draugen was shut in due to scaling. We sold 39,100 barrels of oil equivalents per day.

Birte Norheim
CFO | OKEA

The increase was a result of an expected overlift, mainly from Draugen and Brage. Market prices for both gas and crude increased somewhat during the quarter. The average realized liquids price was $72.8, and the average realized price of gas amounted to $84.4. This brings the total revenue from petroleum products to $266 million. The graph to the left illustrates our crude liftings over the last five quarters, as well as the average observable market price, which has been relatively stable over recent quarters. The higher lifted volume was due to the overlift mentioned earlier. The graph to the right outlines the difference between the average market price of Brent for the quarter of $75.7 compared to the average realized liquids price for OKEA. Positive quality and timing differences brought the realized crude price to $77.7, which was $2.1 above the market.

Birte Norheim
CFO | OKEA

12% of the volume sold were NGLs, which are trading at a discount to crude and brings the average liquids price to $72.8. On this slide, we illustrate the volumes of gas sold over the last five quarters and the observable average market prices in the same period. The gas price has been on an upward trend throughout 2024 and peaking at the turn of January and February in 2025. Since the peak, prices have decreased somewhat, but remain at a historically relatively strong level. There is an ongoing gas reallocation between Hans and Ivar Aasen, which started in the first quarter and will end in May. This explains the lower volume sold from Ivar Aasen in the quarter, despite the good production at the field. So over to the profit and loss.

Birte Norheim
CFO | OKEA

We deliver operating income of $271 million, consisting of the petroleum revenue of $266 million and other operating income of $5 million. The other operating income mainly relates to tariff income at Njord and Statfjord. Production expenses amounted to $62 million or $18.6 per barrel. We recognize an impairment of technical goodwill of $12 million relating to Statfjord, Ivar Aasen and the Njord area. This is mainly due to a reduction in forward prices compared to the end of last year. Exploration, general and administrative expenses of $14 million comprise SG&A expense of $5 million and exploration expense of $9 million, mainly relating to the Horatia well. Net financial income amounted to $8 million, mainly due to a net currency gain of $12 million, following a strengthening of Norwegian kroner against the dollar by about 7% during the quarter.

Birte Norheim
CFO | OKEA

The currency gain was partly offset by net expensed interest of $3 million. Tax expense amounted to $101 million, which brings the net profit to $21 million. The effective tax rate was 83% and higher than the expected 78% due to impairment of goodwill not being tax deductible, partly offset by financial income only being taxable at the corporate tax rate of 22%. Moving on to the balance sheet. Goodwill amounted to $140 million and comprises $125 million in technical goodwill and $15 million in ordinary goodwill. Cash and cash equivalents amounted to $343 million. In addition to the cash balance, $24 million in excess liquidity has been placed in money market funds classified as other assets. Interest-bearing bond loans of $247 million comprise the OKEA 04 and the OKEA 05 bonds. As this is the only interest-bearing debt, we are in a total net cash position of $120 million.

Birte Norheim
CFO | OKEA

Income tax payable of $186 million represents the remaining tax payable for 2024 and tax accrued for the first quarter. Asset retirement obligations of $890 million is a pre-tax amount, and it is partly offset by asset retirement receivables of $424 million. Over to the development in cash. Cash generated from operations was a solid $185 million and is driven by the high volume sold at relatively high prices. Taxes paid of $50 million includes one of three remaining tax installments for 2024. Of the $100 million used in investment activities, $69 million relates to investments in the Draugen electrification project, the Bestla development, and production drilling at Brage and Statfjord. In addition, $31 million relates to exploration wells. Other items of $22 million is mainly a positive exchange rate effect on cash held.

Birte Norheim
CFO | OKEA

This brings the total cash to $367 million, which is an increase of $56 million during the quarter. To end the financial review, I will provide a recap on our guidance. And our guidance for 2025 and 2026 remains unchanged. We still expect to produce between 28,000 and 32,000 barrels per day in 2025 and 26,000 to 30,000 barrels per day in 2026. We expect to invest between $310 million and $350 million in 2025 and $300 million to $360 million in 2026. As highlighted in previous updates, the CapEx estimates are based on both sanctioned projects and potential upsides that we believe will be matured. This also means that timing on some of these projects is uncertain.

Birte Norheim
CFO | OKEA

I would also like to remind you that it usually takes some time from development to production in our industry, and we expect that the majority of production contributions of these investments in 2025 and 2026 will come after the guided period. Bestla is a good example of this dynamic and will contribute with 10,000 barrels per day to OKEA from 2027. In line with previous communication, we currently do not have an announced dividend plan. This is due to a relatively large investment program over the next couple of years. The Bestla project is expected completed in the first half of 2027 and Power from Shore in 2028. The board intends to revert with a dividend plan when it considers to be in a position to pay dividends again. This will, amongst others, depend on the macro environment.

Birte Norheim
CFO | OKEA

Currently, our projects are progressing well and will create value over time. We have a solid liquidity position with a net balance of $120 million and no debt maturities until September 2026. That is all from me for now, and I will give the word back to Svein for some closing remarks. Thank you.

Svein Liknes
CEO | OKEA

Thank you for that, Birte. Just some closing remarks from myself then on the summary. We have seen continued strong production performance on our assets. We do have a healthy cash position, net cash position in the company. We do have good development in our projects, predominantly the Power from Shore and also the Bestla project. We do have an ambition, as we have said before as well, to drill four exploration wells per year or up to, but that obviously depends on the opportunities as they come along. We have just gone through a period now where we have taken part in several exploration wells and will also do so later on this year or just next year. That is still part of our strategy, and we are building and maturing our portfolio with investment opportunities.

Svein Liknes
CEO | OKEA

In particular, this quarter, the area development and what we have done in the Tverrdal prospect around Brage is very important for our optimization of our portfolio, which will then create further value around our assets. So with that, we will go into a Q&A session, and as I just mentioned, there will be a link on our homepage, which will then enable you to dial in or ask questions directly to us thereafter. Hopefully I will see you there. Thank you very much.

Q&A

Operator

To ask a question, please press five Star on your telephone keypad. To withdraw your question, you may do so by pressing five Star again. We will have a brief pause while questions are being registered. The first question is from John Olyson from ABG. Please go ahead. Yoline will now be unmuted.

Operator

Thank you, and congrats to everybody with a strong quarter. I just want to, I think i think like everything seems to be on track at the moment, both the fields that are in operations and the development projects. We live in a world where the oil prices dropped rather sharply, and the general macro outlook is arguably uncertain. I just wonder how how has the how has this big picture things impacted OKEA? Has it, to any extent at all? I mean, for instance, investment decisions, your costs, do you see any positive impacts on costs of the uncertainties happening at the moment and the drop in the oil price and the apparent rather weak markets for your subsuppliers, oil service industry, and also comments on M&A opportunities in the current environment, please?

Svein Liknes
CEO | OKEA

Yeah, thank you for the question, John. Just to go to the big picture first on the macro. Our ambition and also our focus is to be cost efficient at high oil prices, but also at lower oil prices. We are in a very cyclical business and will continue to be so. And the the biggest projects that we have capital-wise are long-term projects, which also will be very value accretive in the long term. We are not changing any plans when it comes to those projects. When it comes to short-term focus, obviously a drop in the macro and also uncertainties in the market around us means that we have to be even more vigilant and also demonstrate more capital discipline maybe than in the past.

Svein Liknes
CEO | OKEA

But there is no project which has been stopped or any changes to our ambitions because we believe that, you know, our decisions should be also worthwhile in a cyclical business. That we are monitoring it as we as we are seeing it. And when it comes to M&A, the the changes we have seen in the market and when the pricing lately has not been long enough to actually make any changes there. So we have not seen any direct link to the changes in macro and the M&A environment. So but as we have seen in the past as well, very high, strong prices over a long time tends to dry up the M&A market. So I do not rule out that maybe this volatility that we are seeing now could create some opportunities without going into any more details on that.

Svein Liknes
CEO | OKEA

And just the the general the general outlook for all the strategy for OKEA, like with current fields and operations is doing well, Draugen, Power from Shore seems to be on track and Bestla on track and getting closer to those to to being finalized. So just want to post this. What what is the OKEA story? Is it buying late-life assets? Is it still buying late-life assets and the improve production and efficiency from those assets? Is that the key strategy? Is that still like the key strategy?

Svein Liknes
CEO | OKEA

The best transaction for us as a company is what we demonstrated when we did the Wintershall Dea transaction when we took Brage, but also Nova and Ivar Aasen. A mixed portfolio where we do take over operatorship of an asset will be advantageous because that is where we really can add value and maybe drive more value by doing things differently like we have also demonstrated to be able to do. But having a portfolio in that transaction with also healthy partner-operated barrels is the kind of perfect fit for us. Our partner-operated assets today generate around 60% of our production. But if you want to make an impact and change on an operated asset, taking the operator role is quite crucial in our view.

Svein Liknes
CEO | OKEA

And exploration, has that become more more important lately in your view for OKEA?

Svein Liknes
CEO | OKEA

No, no not more important. When you have an exploration strategy and when you decide what to do when it comes to exploration and organic growth, you know, there is a long time span there from discovery to to actual production. So changes like we have seen in the macro over the last four or five months should not change that strategy. But obviously, what is important for us is to continue to focus on what is the core areas for OKEA where we believe that we have the best competence and knowledge what is in the ground, but also with the shortest time available from discovery to production.

Svein Liknes
CEO | OKEA

All right, thanks a lot. That's all from me. Thank you. Have a nice day.

Birte Norheim
CFO | OKEA

You too.

Operator

The next question is from the line of Eric Burden. Please go ahead. Your line will now be unmuted.

Operator

Hey guys, congrats on another great quarter. I see you're building a lot of cash and you're in a sort of rock solid balance sheet right now. At what sort of point are you sort of happy with the capital structure and what should we sort of think about going forward in terms of leverage versus net cash? Do you have any sort of guidance to what sort of appropriate level given the uncertainty in the market today?

Birte Norheim
CFO | OKEA

Thank you, Eric. You are correct that we have a solid liquidity position at the moment. And you are correct that we have a solid liquidity position at the moment, but we also have quite a couple of years now with quite a heavy investment program, unusually high for OKEA. We also observe, as you alluded to, quite a volatile market at the moment. We are comfortable where we're at now, but obviously I see there's a lot of questions also about dividends. But we also have to make sure that we have sufficient cash from operations to fund our projects until we start doing something significant with our capital structure or with our dividend or distributions to shareholders.

Birte Norheim
CFO | OKEA

Okay, so for the time being it's sort of just assets and then take it as where the market develops more or less.

Birte Norheim
CFO | OKEA

Yeah, we need to make sure that we are solid enough given also a potentially weaker market than what we have observed in recent times.

Birte Norheim
CFO | OKEA

Okay, thank you.

Operator

At this moment, there are no further questions on the conference call, so I'll hand it back to go through any questions from the webcast. Please go ahead.

Operator

Yep, the first questions are from Gunnar Vagle. The first one, reference Q4 2024. You said there was always a hope for a new transaction, any kind of progress since last time? The second question, Pantheon Resources may be up for sale. I guess that the OKEA business team will look into a possible transaction. Any comments on that since all assets and reserves will fit OKEA in a perfect way? Third one, when is Kim expected to be online? Fourth question, given Kim and Prince, any guidance, what will be gross production on Brage by the end of this year? And when should the market anticipate increase in production on Statfjord?

Svein Liknes
CEO | OKEA

Yeah, thanks for those questions, Gunnar. When it comes to M&A, and we are always looking for opportunities. So that is something that I will say each quarter, I assume. So it just depends on what what is out there. We do have a BD department, and that is their job to actually screen the market and see if we can either look for something or develop something that will actually be value accretive for us. I cannot go into any details there, and neither can I go into any details when it comes to the Pantheon because we do not comment on exactly what processes we we are looking into. What I am glad to see is that there is still at least a healthy M&A and transaction market in Norway because that is the area where we would like to be as well.

Svein Liknes
CEO | OKEA

Kim is projected to be online around July this year in our budgets. We reached TD last week, I believe it is. So we are now running the lower completions, at least yesterday. So we still have a plan to have Kim online from July as per plan. We do not guide any asset-specific production numbers for each year. We do have one guiding which we use for the company, which is 28-32 this year. But obviously, the contribution from Brage, but also the new Kim well, is an important part of achieving those that guiding. On the last question, I can't remember which one that was now.

Birte Norheim
CFO | OKEA

When the market should participate in increase in production on Statfjord.

Svein Liknes
CEO | OKEA

Yeah, the main increase in production on Statfjord obviously relates to two things. One of them is to maintain high production efficiency. We dropped just below 90% in in this quarter. So we need to ensure that we focus on high production efficiency. Also looking into the planned stops for the rest of the year being turnarounds. But the main contribution from the new wells and the new well strategy that has been approved and the license will not be seen until maybe next year when we have completed a few of the first ones. And that new and updated drilling program consists both of oil hunters, that we call it, which will produce oil, but also water producers that will reduce the rest of our pressure so we get more liberated gas.

Svein Liknes
CEO | OKEA

But we will not see the main effects from that until those wells are completed and put online next year.

Svein Liknes
CEO | OKEA

Next question is from Jon Egeland. Most major analysts are ruling out a dividend until 2027. Is this reasonable or is there a chance that dividend can start up in 2025 or 2026? And have you considered buyback as a temporary measure of capital distribution until you are sure of the long-term sustainability of dividends?

Birte Norheim
CFO | OKEA

Well first, I'm not sure that it's correct that most analysts rule out dividends until 2027. Maybe some are. But I think it's fair to say that it's possible that dividends will be paid. It's possible that dividend will be paid earlier, but it depends on the macros as well as the project progress. And buybacks, yes, it could be an alternative to dividends. It's basically a trade-off for us between prevailing share prices as well as the potential impact on liquidity in the shares. And historically, we have had a preference towards dividends rather than buybacks.

Birte Norheim
CFO | OKEA

Thank you. Next question is from Yngve Myhre. Any updates about your plans for refinancing and dividend prospects for the near future?

Birte Norheim
CFO | OKEA

Well I think we just responded to the dividend question, and we have not provided any update on any financing or refinancing plans. We are currently in a comfortable liquidity position and will always assess market conditions prior to approaching the market. Based on recent market volatility, this may be a good time to wait and observe, especially when we have flexibility to do so.

Birte Norheim
CFO | OKEA

Next question is from Fritz Mutt. How do you regard buyback of your shares versus buy new assets?

Birte Norheim
CFO | OKEA

Buybacks versus buy new assets. I think it's, you know, if if we see good acquisition opportunities, that will always be interesting. And I should say also that dividend capacity, which also is the same as the buyback capacity, is always an investment criteria when we look at potential targets. So it basically means that it could be that in a period we are preferring acquiring new assets, but that will then be with plans to be able to pay more dividends in the mid to long term, especially since our focus is on producing assets which has quicker paybacks.

Birte Norheim
CFO | OKEA

And a couple of questions from Russell Sarankey. The EUA Time project, what is the latest status update in terms of when is FID and what is your share of CapEx? The second one, questions about old undeveloped discoveries in Norway and the argument that one company controls too much infrastructure, which slows the pace of development. How does this situation impact on OKEA?

Svein Liknes
CEO | OKEA

Yeah, thanks for those questions. When it comes to the EUA Time project, that is actually should be in plural because there are several discoveries in the EUA area, which is quite interesting. What is being looked at now, though, is how these various discoveries should develop a solution jointly that then could be tied back to EUA. OKEA is not sitting in all of these discoveries, so so our part of the CapEx can not can not be be defined as such. But this is something which is being matured. When the FID, at least earliest next year, I would say potentially that there is a solution for the plans going forward, but the but the final FID date has not been stipulated yet as such.

Svein Liknes
CEO | OKEA

On developed discoveries in Norway, there is quite a few, and in the media as well over the last couple of days, we have seen, as initiated by Harbour Energy, the, again, increased focus on developing these discoveries, which I believe is very important for us to do. I cannot comment anything on, you know, one company controlling too much of the infrastructure. The Norwegian model is in such a way that we do have licenses with several partners. If the partners want to influence any developments, then obviously we have to follow those rules, which is in there. Last, I would comment on that as well, is very happy to be part of the development of Bestla, which is one of these discoveries, which was stranded until we took over as operator in 2024. And that was the only plan for development and operation that was submitted.

Svein Liknes
CEO | OKEA

So the importance of actually getting these into assets is very important. And I see that as a joint opportunity, but also responsibility for all the parties. And then whoever sits with most of the infrastructure will be part of those discussions as well.

Svein Liknes
CEO | OKEA

Next question is from Diago Silva. Hi, can you give us some indication of how we should think about CapEx once you finish these two years of heavy investment needs? Also, as you're going into a period of heavy commitments of capital, have you thought about hedging more to guarantee a certain level of revenues?

Birte Norheim
CFO | OKEA

Thank you, Diago. Yeah, we have only guided for 2025 and 2026. So I guess the the color and obviously the longer-term CapEx commitments will depend on future investment decisions. That is the two key projects with Bestla then being completed in 2027 and with the Power from Shore being completed in 2028. We have quite limited amount of maintenance at CapEx on on our assets. So it, yeah, I think we will get back to more guiding for a longer time when when in in due time. But as of now, we do not have any further long-term commitments than those two projects. Yeah, we are always thinking about hedging, and we include that also in our report, our hedging positions. And we are between gas and crude oil at the moment. We are hedged between one-third and 50% of our production for the the coming year.

Birte Norheim
CFO | OKEA

Yeah, the next question is from Jakov Semaikovic. How does the company assess the risk of capital expenditure overruns in its development projects? And how would you characterize the overall complexity of these projects?

Birte Norheim
CFO | OKEA

This is for you, Svein.

Svein Liknes
CEO | OKEA

Yeah, sorry. The we believe that we do have good control of the capital projects that we have. The Bestla project is is still on schedule and on cost with an expected delivery in 2027. We have made all the major commitments there, both when it comes to ordering a rig for drilling the wells later on this year. The subsea template is already completed, and we are in the installation phase this year now when it comes to when it comes to the Bestla project. When it comes to the Power from Shore project, that is also developing well. We do have good progress onshore on the onshore facilities. All the cables are now installed on the seabed.

Svein Liknes
CEO | OKEA

We are trenching, and we are now starting the installation-heavy period offshore on Draugen, which actually goes over two years because there is quite a lot of equipment and transformers, etc., that needs to be installed on the installation. So when it comes to the capital expenditure, if there are any overruns, I believe we have good control of that. When it comes to the Power from Shore, that is the most complex project we have. The Bestla is very much a copy of what we did on Hassel Muss with great success. Power from Shore is a lot of new work and also work which maybe have not been done before. So that is the one which implies that we have the most complicated kind of schedule for.

Svein Liknes
CEO | OKEA

So so far, you know, we have seen some overruns and some increases in the Power from Shore project, but mainly driven by scope and not because of any external inflation as such because we have made a few commitments on it.

Svein Liknes
CEO | OKEA

Thank you. Next question is from a private investor. Please say something about the legal action against Equinor.

Svein Liknes
CEO | OKEA

Yeah, well, there's nothing more to share on that thing except what is already in available documentation.

Svein Liknes
CEO | OKEA

That was all questions on the webcast. Are there any? Hand it back to the moderator to see if there are any further questions on the call.

Operator

At this time, there are no further questions in queue.

Svein Liknes
CEO | OKEA

Okay, thank you very much for for joining us on this Q&A. So hopefully you will also be back then when we present Q2 later on this summer. So until then, I wish you all a good spring. Thank you very much.

Birte Norheim
CFO | OKEA

Thank you.