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OKEA

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QUARTR

MODULAR FINANCE

Speakers

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Operator

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Equity Research Analyst | SB1 Markets

Company Representative

Prepared Remarks

Svein Liknes
CEO | OKEA

Good morning, and welcome to the Fourth Quarter Results Presentation for 2021 for OKEA. My name is Svein Liknes, and with me today I have also Birte Norheim, who is our CFO, who will present the financial results in more detail after my operational update. There will also be a Q&A after the presentation, and you can also post questions as we are presenting here currently. What can we say about the fourth quarter 2021? It's been a fantastic quarter for OKEA. We've had record financial results and also very strong operational performance on both our operated asset and also on our non-operated asset.

Svein Liknes
CEO | OKEA

That combination with very good and high commodity prices and also reliable and high production obviously pays off, and I think the fourth quarter of 2021 has been an exceptional example of when actually that happens. We had a production of the quarter 16,038 bbl/d, which is very much in line with what we had the quarter before. Very high production reliability, and we also started production from the Yme asset at the end of October. We also executed the transaction on the Inspirer rig for the asset, which also will benefit us financially.

Svein Liknes
CEO | OKEA

I will leave for Birte to go through the financial metrics, which is very strong, obviously, and I will go down to the point where we are very well positioned for value-accretive growth and also exercising and executing on our updated strategy where we are looking for value-accretive growth. We have increased our reserves by 16%. That's also after the produced volumes that we had last year. We are increasing our 2022 production guidance from what we presented last time, and we are now between 18,500 boepd to 20,000 boepd for 2022. We are also increasing our stake in Ivar Aasen as a result of the previously announced transaction from Neptune Energy Norge.

Svein Liknes
CEO | OKEA

We are growing our portfolio with more licenses in our portfolio through the licensing round we just had, where we just added four licenses, of three as an operator. We are studying the Hamlet exploration well in the Gjøa area, together with the operator and the other partners in that license, and we are progressing on our projects throughout the quarter. Very strong performance throughout the quarter, also then backed by very high prices. On the subject of commodity prices, this curve shows, you know, the quarter we have gone through. The exceptional gas prices we saw at the end of the fourth quarter obviously has a huge impact on OKEA as we are exposed by 34% in our volumes gas. We can see that the gas price has now dropped off again.

Svein Liknes
CEO | OKEA

We do still remind that this is exceptionally high levels that we are now also moving into 2022 with. In the background of the gas and the price increase, the oil price has also gradually increased as the pandemic seems to go into its final stages. Obviously, we are benefiting a lot from that price as well. In addition to talking about the gas price, the oil price is definitely also supporting our results. High production reliability is obviously a prerequisite to deliver good results as an oil and gas company, and I'm very glad to say that we had overall 100% production reliability and 99% production reliability on our own operated Draugen asset. Obviously, that combination with the high prices gives us fantastic results.

Svein Liknes
CEO | OKEA

The average production last year was 15,530 boe, which is within the guidance we gave to the market last year. How we do this is also important. On safety and emissions, we have had no further serious incidents during the quarter. The incident or the potential incident that shows here is the same that we also mentioned in the previous quarterly presentation, which was the loose handrail on Draugen. We have a drop-off in recordable incident frequency. Again, managing our barriers is extremely important for us. I'm glad to say that we've had zero hydrocarbon leaks also in the last quarter, and also for the last two and a half years actually.

Svein Liknes
CEO | OKEA

As can be seen here, we do have a gradual increase of CO2 emissions, something we are addressing through the power from shore project that we will sanction or aim to sanction during fourth quarter of 2022, which will significantly reduce our CO2 emissions. In addition, higher production from the Yme asset will also reduce our CO2 intensity per barrel of oil obviously. The main contributor for OKEA is to push forward the Power from Shore project on Draugen, which will take down the CO2 emissions by 95%, which equals 200,000 tons of CO2 per year. That's a significant contribution. As we are on Draugen, the production from Draugen was 7,231 bbl/d, which is an increase compared to the previous quarter.

Svein Liknes
CEO | OKEA

Very high reliability and all well workovers and well-related maintenance was done in the third quarter. We've had very stable production on Draugen in Q4. We are progressing on the Hasselmus project, which will give gas to Draugen, which will have first gas in the fourth quarter of 2023 of 4,400 boepd in gas to Draugen. As I just mentioned as well, we are also progressing on the power from shore project for Draugen, which we are doing together with the Njord asset, which is operated by Equinor. OKEA is managing that project on behalf of both operators. Going to Gjøa, we only have a working interest of 12% on Gjøa, and it's a non-operated asset, but it's a very good asset for OKEA to be present there.

Svein Liknes
CEO | OKEA

Production on Gjøa was 8,367 bbl/d. Also Gjøa is the asset that gives us most gas exposure, which obviously has been a very good exposure to have over the last quarter. Our asset in Gjøa is very important for the performance of OKEA. In addition, there is exploration in the Gjøa area and the Hamlet well will be spudded by the partnership later on in February, which could potentially be a good contributor to Gjøa for future production over that reliable asset. Ivar Aasen. We did announce last year that we had bought the Neptune Norge share of Ivar Aasen, which will increase our ownership from 0.5% to 2.77% of Ivar Aasen.

Svein Liknes
CEO | OKEA

which will obviously also have an impact on the production numbers from Ivar Aasen to OKEA next year, as they will have an effective date on January 1st. We expect that transaction to be sanctioned and approved by the authorities by the first half of this year. Moving on to the Yme asset. Yme started production in October, late October last year. During the cleanup of the wells, emissions from the storage tank was discovered. The operator and the partnership had to reshuffle the startup sequence of the wells to avoid oil and water to actually get into the sea.

Svein Liknes
CEO | OKEA

We think the operator did a very prudent and good job by reorganizing the startup sequence of Yme and the emissions issues of the storage tank is now solved or was solved basically back in December. Since then, more than half of the wells on Yme has been cleaned up directly to tanker, and the last remaining wells on Yme is currently being cleaned up and will be executed during mid-February. Which will then mean that the full well stock of Yme will be available and the plant commissioned for further ramp-up. We have also just passed 30 days of consecutive production on Yme. Yme is up running and will continue the ramp-up and be a significant contributor for OKEA in 2022. Our growth strategy also means that we would like to do organic growth.

Svein Liknes
CEO | OKEA

We are also glad to announce that we were awarded four licenses in the last licensing round, which again strengthens our focus on growing around the assets where we are present as this is around the Draugen and the Gjøa assets. Our growth strategy is not just inorganic, it's also very important with organic growth and then in particular, growing around the assets that we already operate. As I said in the introduction, we have added net reserves of 16% from 2020 to 2021, and that is after the volumes we actually have produced throughout the year.

Svein Liknes
CEO | OKEA

That is a very good development of our reserves number, which is our upgrade of Gjøa and Draugen, and in particular also the final investment decision that was taken on Hasselmus last year that is driving this increase in reserves for us. Quickly, on the kind of outlook for first half of 2022 before I hand over to Birte, we will now start working in the new licenses we have been awarded together with the partnerships. Ramp-up of production on the Yme field is continuing and we are spudding the Hamlet well in Gjøa and are looking forward to see if there can be more volumes produced over [Ivar Aasen] in future.

Svein Liknes
CEO | OKEA

We are closing the Ivar Aasen transaction during the first half of this year, which obviously will have a positive contribution on production numbers from Ivar Aasen in 2022. Last but not least, progressing on the Hasselmus towards first gas in Q4 2023, and also executing and having a final investment decision on the power from shore to Draugen is a very important project for us. It's going to be a hectic first half year of 2022 as well. In addition, as we are aiming to operationalize a growth strategy as a company. With that, I will hand over to Birte, and will then take you through the financial results for the quarter. Then I will come back thereafter with a quick summary before we move into questions and answers section. Thank you.

Birte Norheim
CFO | OKEA

Thank you, Svein. It's difficult not to get excited about the financials for this fourth quarter. The top line represents our best ever, both on the quarter and also for the year. I'm very pleased to take you through the developments in volumes and prices over the last five quarters. For fourth quarter, produced volumes amounted to 16,038 barrels per day equivalent. This is slightly down compared to last quarter, as Svein mentioned, because we've had some tie-in shut-in of wells relating to the Duva tie-in at Gjøa. The very strong performing Draugen in fourth quarter partly offsets this effect. As for Yme, started production in October and as ramp-up is still ongoing, it's quite a limited contribution from Yme in the fourth quarter.

Birte Norheim
CFO | OKEA

Sold volumes of 18,102 boepd was 1,123 bbl higher than last quarter, mainly due to allocation of accrued lifting of, on Ivar Aasen in November. However, we also had an overlift equivalent to 1,645 bbl/d, as well as compensation volumes from Duva equivalent to 419 bbl/d, which additionally drives the sold volumes up in the fourth quarter. The market prices for petroleum products have continued its steady increase since the low point in, second quarter last year. In particular, we've seen gas prices soaring to even new record high levels in the fourth quarter.

Birte Norheim
CFO | OKEA

The average realized price for natural gas in the fourth quarter was equivalent to $188.5 per barrel on an oil equivalent basis, which is nearly a doubling compared to last quarter and nearly 6x higher than last year. The realized price of liquids of $78 per barrel was $10.6 per barrel higher than last quarter, and have doubled compared to last year with an increase of $39 per barrel. The increase in market prices combined with the increase in sold volumes drives the petroleum revenue to NOK 1.633 billion, an increase of more than NOK 616 million compared to previous quarter, and an increase more than NOK 1 billion or 181% compared to last year.

Birte Norheim
CFO | OKEA

Liquids prices have steadily increased over the last six quarters. The graph to the left illustrates the OKEA allocated listings of liquids over the last eight quarters. In Q4, OKEA had three partial cargoes with crude listed, including the first listing of oil from Yme in December. It's quite a limited listing, 13,000 bbl allocated to OKEA. In addition, we have 632,000 bbl from Draugen and 220,000 bbl from Ivar Aasen in the fourth quarter. We also illustrate the planned cargoes and allocations to OKEA for the first quarter of 2022. The listings which have already been completed in the first quarter includes 155,000 bbl from Gjøa, 22,000 bbl from Yme, and 593,000 bbl from Draugen.

Birte Norheim
CFO | OKEA

There are no further liftings from Draugen, Ivar Aasen, and Gjøa planned for the first quarter, and due to Yme still being in the ramp-up phase, we do not provide any further guidance for the Q1 volumes expected from Yme. The graph to the right illustrates the difference between the average price of Brent for the quarter, which was $79.7 per barrel, compared to the average realized liquids price for OKEA of $78 per barrel. The key difference in the fourth quarter relates to an adverse impact of the Ivar Aasen lifting of $1.5 per barrel because the pricing is partly based on the five-day average crude price following the date of bill of lading, and partly relates to produced quantities which basically means historic prices.

Birte Norheim
CFO | OKEA

The NGL and quality effects are partly offset by the positive timing effect this quarter. As mentioned, European gas prices continued to increase during last quarter. At the highest, it was trading 5x above crude on an oil equivalent basis. On the 21st of December, the closing price for gas ended at $365 per barrel, which was an all-time high price for gas. As I mentioned, the price hike appears to be driven by both a strong demand, low storage levels as well as uncertainties with regards to supply.

Birte Norheim
CFO | OKEA

Prices have since come down somewhat, but gas continues to trade at high levels with an average price equivalent to $166 per barrel in January and forward curves hovering around $200 per ton for the remainder of the year, which is about double the price of oil at the moment. The graph illustrates the average gas volume sold per month since January last year and the monthly average market prices in the same periods. On average, and also for this fourth quarter, about 1/3 of OKEA's production is gas. For the fourth quarter, gas contributes to more than 50% of the revenue. In comparison, gas contributed to less than 20% of the revenues in 2020. Of course, this has a quite a significant impact on our financial results.

Birte Norheim
CFO | OKEA

If we look at the income statement, the fourth quarter of 2021 was the strongest financial quarter so far in OKEA's history, with total operating income in excess of NOK 1.7 billion, EBITDA just shy of NOK 1.3 billion, and a net profit of NOK 283 million. The EBITDA was NOK 461 million, or 58% higher than last quarter, which also was a record high and more than NOK 1 billion or 5x higher than fourth quarter of 2020. The full year profit for 2021 amounted to NOK 603 million. If we start on the top here with the operating income of NOK 1.725 billion, mainly consisting of the petroleum revenue as just outlined of NOK 1.633 billion.

Birte Norheim
CFO | OKEA

As well as tariff income from Yme of NOK 24 million, income from joint utilization of logistical resources of NOK 13 million, and a net gain on hedging positions of NOK 54 million. The production expense of NOK 291 million is equivalent to NOK 171 per barrel, which compares to NOK 108 per barrel in the previous quarter. The increase in cost per barrel was mainly driven by Q4 being the first quarter where we recognized operational expense from Yme following the start of it in October. In combination with low produced volumes in the start-up phase, this is a key driver for the high cost per barrel in the fourth quarter.

Birte Norheim
CFO | OKEA

In addition, production expense at Draugen increased partly due to higher cost for imported fuel gas and CO2 quotas, but also a planned maintenance which drives the cost at Draugen in the quarter. Also as we have communicated before and following the transfer of ownership from the Inspirer rig, IFRS requires that the deferred tax effect of uplift is excluded from the impairment assessment. All else equal, we expected an impairment on Yme. As the transfer was executed in October, we have now recognized an impairment of NOK 367 million on the Yme assets, which is partly offset by a tax income of NOK 286 million.

Birte Norheim
CFO | OKEA

Exploration and operating expense of NOK 135 million consists of NOK 89 million in exploration expense, mainly relating to seismic purchases, as well as NOK 18 million in expensing of previously capitalized costs on Ginny, which have incurred before the end of the year. SG&A costs amounted to NOK 46 million, and mainly relates to the annual recalculation of cost, which is distributable to licenses, and also driven by the employee incentive program and various corporate activities. The net financial items amounted to NOK 61 million, and mainly consists of NOK 50 million in expense interest and a net foreign exchange loss of NOK 5 million. Tax expense amounted to NOK 370 million, which represents an effective tax rate of 57%. The deviation from the expected 78% is mainly due to positive effects on uplift, particularly relating to the Inspire rig.

Birte Norheim
CFO | OKEA

In addition, we have a positive tax effect of NOK 40 million from the sale and leaseback transaction of the regional headquarters in Kristiansund. This brings the net profit for the quarter to NOK 283 million, which is a record high for OKEA. The cash balance continues to improve, and in the fourth quarter we ended at just above NOK 2 billion in cash. In addition, we have placed NOK 210 million invested in low risk placements as an alternative to bank deposits. Trade and other receivables amounted to NOK 1.053 billion, which is an increase compared to previous quarter, mainly due to the increase in revenues. Tax payable amounted to NOK 773 million, which mainly relates to tax for 2021, which is payable in 2022.

Birte Norheim
CFO | OKEA

Interest-bearing loans, bonds amounted to NOK 2.295 billion. The reduction from previous quarter was mainly due to the buyback of OKEA02 bonds equivalent to NOK 109 million. We've also added a new line item named Other interest-bearing liabilities amounting to NOK 493 million, which represents the net present value of our future obligations under the Inspire bareboat charter. Total asset retirement obligations of NOK 4.2 billion is partly offset by the asset retirement reimbursement rate of NOK 3.1 billion, as Shell will bear the ultimate removal costs for Gjøa and Draugen. We added a solid NOK 744 million in cash during the quarter, in addition to buying back bonds of NOK 109 million.

Birte Norheim
CFO | OKEA

The total liquidity balance ended just in excess of NOK 2.2 billion, of which NOK 210 million have been placed as low risk liquid investments. Cash flows from operations amounted to NOK 957 million, and taxes received of NOK 46 million relates to two installments for 2021 tax as it was calculated back in May, each of the installments amounting to NOK 18 million, and also a NOK 9 million receivable for tax from 2020. Cash used in investment activities amounted to NOK 207 million, most of which relates to investment in projects like Hasselmus, Yme, and also some modification work at Draugen. Gross proceeds on the sale leaseback from the regional headquarters in Kristiansund amounted to NOK 109 million. Cash paid in relation to the buyback of OKEA02 amounted to NOK 109 million.

Birte Norheim
CFO | OKEA

Interest paid of NOK 70 million relates to the quarterly interest payable on OKEA02 of NOK 22 million, and the semiannual payment of OKEA03 interest of NOK 47 million. For the full year of 2021, OKEA generated nearly NOK 1.4 billion in cash. In addition, we bought back bonds for NOK 217 million. The significant amount of cash generated was mainly due to high margins in a strong market, combined with solid operational performance throughout the year. In addition, we received net taxes of NOK 355 million. This was partly offset by cash spending mainly on investments of NOK 840 million. Most of this is CapEx, but we also had three wells drilled last year.

Birte Norheim
CFO | OKEA

We bought back bonds of two, for NOK 217 million, and we paid interest on our bonds for NOK 184 million. Guiding for production, in tie-in compensation volumes and CapEx for 2021 all ended within the guiding range. Production guiding for 2022 is set to a range of 18,500 boepd-20,000 boepd, which is an increase compared to the previous outlook. Includes also the transaction related to the Ivar Aasen, as Svein mentioned. In particular, it is the continued solid performance from Gjøa and Draugen, which contributes to us ramping up the target for the year. In addition to our own produced volumes, we expect between 900 boepd and 1,200 boepd, as in tie-in compensation volumes from Duva, and Nova, which will additionally drive our revenues and cash flow.

Birte Norheim
CFO | OKEA

The production outlook for 2023 is set to 17,000 boepd-19,000 boepd. Also in 2023, we expect some in-kind volumes from Duva and Nova, ranging between 600 boepd-800 boepd. CapEx guiding for 2022 is set to a range between NOK 950 million and NOK 1,160 million. Our CapEx guiding does not account for capitalized interest, but it mainly relates to planned investments on the Hasselmus project and also on completion of Yme, including the drilling program, which is planned for the year. On that note, I'll give the word back to Svein for some closing remarks. Thank you.

Svein Liknes
CEO | OKEA

Thanks for that, Birte. To sum it up then, what a fantastic quarter it has been, but also the full year of 2021. We're going to use that position that we are in now to execute on our growth ambition as a company. We are growing production already and reserves in a very strong oil and gas market. And we are putting more barrels out there. The timing of that is good. We also want to grow further. We have an updated strategy now where we want to grow, but it needs to be value accretive growth and not growing just for the sake of growth. And also we have to be sure that we exercise capital discipline as we are growing the company.

Svein Liknes
CEO | OKEA

We think that we are both operational and also financially well-positioned to actually take a more leading role on the Norwegian Continental Shelf. As we said in our strategy update last year as well, we would like to become, and also think we are, the leading mid to late life champion on the Norwegian Continental Shelf, where we see a lot of value creation for the years to come. With that, I think I will stop. I think we are then moving straight over to the Q&A session. We will be happy to answer your questions as they come. Thank you.

Q&A

Operator

Thank you. Ladies and gentlemen, if you have a question for the speakers, please press five star on your telephone keypad. To withdraw your question, please press five star again. We'll have a brief pause while questions are being registered. Our first question is from Teodor Sveen-Nilsen from SB1 Markets. Your line will now be unmuted.

Teodor Sveen-Nilsen
Equity Research Analyst | SB1 Markets

Good morning. Thanks for taking my questions, and congrats on very strong 2021 results. I have four quick questions. First on CapEx, is it possible to provide a split per field on the 2022 CapEx guidance? Second question is on cost inflation. Do you see any trends of increased costs for your suppliers? Third question is on OpEx. Birte, you said that OpEx in the fourth quarter increased somewhat, and you also gave a few reasons for that. To me it looks like underlying OpEx was slightly up. Should we expect that level also into 2022? Last question is on gas. Are you tempted to sell some gas forward with the strong gas prices we see now or will you continue to sell spot-based? That's all. Thanks.

Birte Norheim
CFO | OKEA

Yes, thank you, Teodor. See if I remember all your questions. As for gas, as we have also written in the report, we have sold forward between 20% and 30% over the next three quarters in the area of 200 pence per ton. The details of that is available in the financial statement. As for cost, no, I don't expect to see this level going forward. Yme, as mentioned, has quite significant costs for the first quarter and quite a low volume, so it drives the average cost per barrel up. Also for Draugen in particular, where we had both modification work, but we will have some effect there of the import gas.

Birte Norheim
CFO | OKEA

Where we benefit on the revenue side, we will have somewhat higher cost on Draugen for the import of gas, which we do there. You also asked for a breakdown on CapEx. We won't provide a detailed breakdown, but I can say that about 50% of the guiding range relates to Hasselmus and about 30% relates to the Yme field and the drilling activities for Gamma and Beta, which is planned for the year.

Svein Liknes
CEO | OKEA

Just a quick comment from my side on the cost inflation question that you had there. We secured our CapEx, and our project is mostly related to Hasselmus and also the new Yme wells. But as you may also recall, we did enter a frame agreement on drilling rig last year, which we will use. And also the Hasselmus project, our main contractor, Aker Solutions, we have a very long-term contract with. We think obviously that there will be pressure in the market, but not necessarily for 2022. But we also think that we have secured the required resources we need from the supplier side to actually execute on the cost level that we have forecasted.

Teodor Sveen-Nilsen
Equity Research Analyst | SB1 Markets

Okay, that's clear. Thank you.

Operator

Thank you. Just as a reminder, if you have a question for the speakers, please press five star on your telephone keypad. We'll have a further pause while questions are being registered. As we have no further questions from the telephone line, I'll hand the word back to the speakers.

Company Representative

Okay. There are several questions here on the web. First from Daniel Stenslet in Arctic Securities. How is the Yme ramp-up developing? When do you expect to reach plateau? Second, can you provide the breakdown of the 2022 CapEx budget? What are the main contributions? And the third, are you able to specify when you expect to launch/commit to a shareholder distribution framework?

Svein Liknes
CEO | OKEA

Yeah. I guess I can take a stab on the first two ones. The Yme ramp-up, as I mentioned in the presentation as well, we started our production of Yme late October last year. There was some emulsion issues in the storage tank that we discovered in November, therefore, we had to reshuffle on the startup sequence. We have now cleaned up wells directly to shuttle tankers during December and also in January. The remaining three wells is now being cleaned up during February. That ramp-up is actually happening as we speak. By the end of February, we should have all well stock producing, although we have produced for 30 consecutive days and even more, but then with a limited number of wells online each time due to the cleanup sequence.

Svein Liknes
CEO | OKEA

In February, we should see how the overall production is from Yme when all wells are online. On the CapEx budget, the main contributions there are the Hasselmus project, which we are executing on, in addition to the additional wells to be drilled on the Yme project. In addition to the existing wells that is now being cleaned up, there are also six additional wells to be drilled on Yme, which also will be put online, you know, for the future and this year. That is the main contributions there. On the next one, Birte, on the capital allocation, but also the shareholder distribution, if you can cover that.

Birte Norheim
CFO | OKEA

Yes, I see there's quite a few questions on distribution and dividend, actually. I'll try to cover them all in my response here. In October, we did announce dividend plan. We did announce an intention to announce a dividend plan during 2022, and we're now in early February. What we have achieved is 30 days consecutive production from Yme. The only thing that's remaining before we can actually distribute is a general meeting to a resolution. As you may have seen on our financial plan, we have scheduled an AGM for the end of April.

Birte Norheim
CFO | OKEA

There will be coming more information on dividend in due time. I see a related question here is whether we do see tangible M&A opportunities, and I can confirm that we do see tangible M&A opportunities. Actually, the activity level is higher than what we have seen in some time in the M&A part of the market. Of course, we will be balancing the growth ambitions to our dividend plan. Further details on the dividend plan will come later, not at this stage.

Company Representative

Okay, there is a further question from Tom Erik Kristiansen of Pareto Securities. What is the potential for further organic reserves growth in 2022? If so, which activities should contribute positively? Will today's oil and gas prices trigger further infill drilling?

Svein Liknes
CEO | OKEA

The answer there is yes. As also mentioned in the presentation, we are together with the operator on Yme. We are spudding the Hamlet well later on in February, which we hope will have a positive contribution to the year. In addition, we have the infill or increased oil recovery program on Draugen, which we are also executing on, where we are planning to execute or at least sanction a few infill targets on Draugen. If we are drilling that infill target in 2022 or 2023, we are still discussing. Obviously, that is something we need to coordinate with existing production as well. We do see organic growth opportunities. Also more long-term, as you could see, we did get four licenses, three as an operator in the license round recently.

Svein Liknes
CEO | OKEA

Organic growth around our assets, both the operated and non-operated, is one of the core pillars in our growth strategy as well.

Company Representative

Okay. There is a further question from Karl Fredrik Schjøtt-Pedersen of ABG Sundal Collier. What is the optimal capital structure for OKEA?

Birte Norheim
CFO | OKEA

That of course depends. We are now in a growth phase, so where we have, I would say big growth plans. The capital structure to be ideal for OKEA will depend on our success rate in our M&A. I might refer to the buybacks that we had on our bonds. Ideally, we'll move into a lower cost of capital structure going forward. The optimal capital structure will largely depend on our success in M&A.

Company Representative

Okay. As Birte said, there are a couple of further questions of dividends and whether there will be quarterly dividends, and I think Birte has covered that well already. Maybe with that, do you want any.

Svein Liknes
CEO | OKEA

Yeah.

Company Representative

Short summary?

Svein Liknes
CEO | OKEA

Yeah, no, just a summary from our end. It's, you know, it's been a very strong quarter, and the whole year of 2021 has been kind of a transformative year for OKEA as well, which has put us in a very robust position, both financially but also operationally. We also announced the growth ambition last year and the updated strategy to actually grow. We believe in a strong market going forward. Obviously, the growth strategy is very much linked into the dividend questions as well, which is coming here. Dividend capacity is also one of the important metrics we are measuring when we are looking for growth. And also we would like to be recognized as a company which gives back to the shareholders.

Svein Liknes
CEO | OKEA

Again, I believe OKEA is at a pivotal point when we actually have the opportunity to grow the company for the future and also have a much more robust position for the company, including dividend capacity. It's been a very good year. We will continue to grow and to deliver on the ambitions we actually have.

Company Representative

Okay. With that, we say thank you from OKEA and look forward to sharing more in our Q1 presentation.

Birte Norheim
CFO | OKEA

Thank you.