

Record result in first half

Statoil ASA recorded a profit after tax of NOK 10.6 billion for the first six months of 2001 — the best half-year result it has ever achieved. The figure is NOK 3.3 billion higher than it was in the corresponding period of last year, and represents a 45 per cent increase.

This improvement can primarily be attributed to sales gains, higher prices and margins, and the effect of the group's cost cutting and restructuring programme.

Profit before financial items comes to NOK 32.7 billion as against NOK 25.9 billion for the same period of 2000. Group revenues totalled NOK 111.4 billion, compared with NOK 106.9 billion last year.

The return on capital employed in the first half was 20.6 per cent, up from 15.8 per cent for January-June 2000. Statoil's effective tax rate fell from 70 per cent in the first half of last year to 66 per cent.

Profit after tax for the second quarter, including gains of NOK 2.6 billion from selling interests in oil and gas fields, came to NOK 6.2 billion. That compares with NOK 3.6 billion in the same period of last year.

Before financial items, profit for the second quarter came to NOK 17.3 billion as against NOK 12.5 billion in April-June 2000.

Earnings per share in the second quarter amounted to NOK 3.12 as against NOK 1.85 in the same period of last year.

"This result is good," says chief executive Olav Fjell. "We have benefited from good prices in most of our markets and from gains on selling operations outside our core areas.

"More important for me is the positive progress in the underlying business and in our improvement programme. A good basis exists for meeting the targets we set ourselves in relation to the stock market listing."

Quarterly and half-year results, Statoil group

(Amounts in NOK mill)

	2. Q 2001	2. Q 2000	1. half 2001	1. half 2000
Operating revenues	60 549	52 132	111 391	106 871
Profit before financial items	17 304	12 527	32 741	25 885
Profit for the period	6 235	3 646	10 559	7 256
Earning per share (NOK)	3,12	1,85	5,32	3,67
Return on capital employed			20,6%	15,8%

Daily oil production by Statoil totalled 742 000 barrels in the first half, up from 726 000 barrels in the same period of last year. The second quarter figure was 693 000 barrels, on a par with April-June 2000.

Gas sales came to 6.4 billion cubic metres in the first half, as against 7.5 billion in 2000, while the corresponding second-quarter totals were 2.6 and 3.1 billion.

While Statoil's oil and gas production in 2000 totalled 1 003 000 barrels of oil equivalent, the 2001 level is expected to be 966 000 boe.

This reduction reflects lower gas production on the Norwegian continental shelf (NCS), the sale of interests in Jotun, Grane and Njord off Norway and lower output from the Norwegian Gullfaks and Statfjord fields.

Statoil remains committed to its target of an average annual growth of four per cent in oil and gas production up to 2004. This expansion will come from new fields now under development to come on stream during this period.

The average price of a barrel of Brent Blend reference crude during the second quarter was USD 27.40, an increase of USD 0.50 from the same period of last year. Average gas prices in the first half, measured in Norwegian kroner, were 53 per cent higher than in January-June 2000.

Statoil achieved cost savings of NOK 600 million during the first six months, compared with the same period of last year. The first-half results show that the group is on schedule to achieve its planned cost cut of NOK 1 billion for 2001.

Listings were obtained for Statoil on the Oslo and New York stock exchanges during June, and 18.2 per cent of the group's shares are now owned by institutional and private investors.

Business areas

Exploration and production off Norway showed a profit before financial items of NOK 12 billion for the second quarter, as against NOK 9.2 billion in the same period of last year.

This result includes a gain of NOK 1.4 billion from the sale of licence interests outside Statoil's core areas on the NCS.

Oil volumes sold increased from 627 700 barrels per day in the second quarter of 2000 to 635 100 barrels in April-June this year.

Corresponding daily figures for gas sales were a decline from 32.2 million cubic metres to 27.2 million, reflecting lower demand from gas customers in continental Europe.

Plans for development and operation of the Sigyn and Mikkel fields were submitted during the second quarter. Statoil's investment is estimated at NOK 2.4 billion.

The group's international exploration operations achieved a second-quarter profit before financial items of NOK 1 816 million as against NOK 415 million in the same period of 2000. This increase was primarily due to a gain of NOK 1.6 billion before tax relating to the sale of Statoil's interest in the Kashagan oil field in Kazakhstan.

Average daily oil production in international operations declined from 63 300 barrels in April-June 2000 to 57 800 barrels in the second quarter this year.

That reflected lower output from Lufeng off China, Siri in the Danish North Sea and Alba on the UK continental shelf.

Plans call for Statoil's oil and gas production outside Norway to double by 2004. The projects which will yield this growth are on schedule.

The Natural Gas business area showed a profit of NOK 2.2 billion in the second quarter as against NOK 1.6 billion for the same period of last year. This increase is primarily due to higher gas prices.

Gas sales declined because many of Statoil's customers ordered the minimum volumes within the delivery spread specified in their contracts.

Profit before financial items for the Manufacturing & Marketing business area came to NOK 1.2 billion, a decline of NOK 79 million from the same period of last year.

Shipping, crude and product trading and the methanol business showed good results, while Statoil's refining operations and its 50 per cent interest in the Borealis petrochemicals group performed more weakly than in April-June 2000.

Prospects

Statoil's results vary with oil and gas prices. These contributed to good results for the first half of 2001, but whether they can be maintained at this level is unclear — not least because of uncertainties about developments in the world economy which could affect demand for oil and gas.

As a result, Statoil is placing great emphasis on maintaining capital discipline and strengthening efficiency in order to deliver satisfactory results even under less favourable market conditions.

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