



AKERBP: Update on first quarter 2019 financial results

Aker BP will publish its financial report for the first quarter 2019 on Friday 26 April 2019. The company issues this statement to summarise its production and sales volumes and certain accounting-related topics for the quarter.

The company has routinely announced its quarterly production numbers as part of its investor service. This practice is now being expanded to cover additional topics of relevance for the company's financial reporting.

Oil and gas production and sales

With effect from first quarter 2019, Aker BP will change its accounting principle for income recognition. Petroleum revenues will from now on be recognized when the petroleum is sold by the company, rather than when the petroleum is produced.

Aker BP's net production in the first quarter 2019 was 158.7 mboepd and net sold volume was 162.0 mboepd. Production per field is specified below. The volumes are subject to final re-allocation. Numbers may not add due to rounding.

Field	Interest	Operator	Q1-19	Q4-18	Q1-18
Alvheim	65%	Aker BP	43.5	43.4	40.5
Bøyla	65%	Aker BP	1.8	2.0	3.2
Gina Krog	3.3%	Equinor	2.5	2.3	1.5
Hod	90%	Aker BP	0.7	0.8	1.0
Ivar Aasen	34.8%	Aker BP	22.5	23.3	24.4
Skarv	23.4%	Aker BP	22.6	23.5	27.1
Tambar	55%	Aker BP	1.9	2.6	1.6
Ula	80%	Aker BP	6.2	5.8	6.5
Valhall	90%	Aker BP	45.2	38.8	33.5
Vilje	46.9%	Aker BP	3.8	3.3	5.1
Volund	65%	Aker BP	7.8	9.7	14.1
Other			0.3	0.3	0.1
Net production			158.7	155.7	158.6
Over/underlift			3.3	-4.2	8.7
Net sold volume			162.0	151.5	167.3
- of which liquids			128.8	119.7	132.3
- of which natural gas			33.2	31.8	35.0

Impairment of technical goodwill

The company expects to make an impairment charge in the first quarter 2019 of approximately USD 70 million related to technical goodwill. As there is no deferred tax associated with technical goodwill, the effective tax rate for the first quarter is expected to be higher than normal due to this impairment.

Implementation of IFRS 16 Leases

The accounting standard IFRS 16 Leases was effective from 1 January 2019. The standard introduces a single on-balance sheet accounting model for all leases, which results in the recognition of a lease liability and a right of use asset ("RoU asset") in the balance sheet.

The lease liability and corresponding RoU asset amount to approximately USD 390 million at initial recognition on 1 January 2019. Existing onerous lease contract values of approximately USD 150 million reduces the value of the corresponding RoU asset. No impact on equity is recognized upon transition.

The IFRS 16 impact on the income statement is expected to be immaterial in first quarter 2019, as the majority of the RoU assets are used in activities not charged to the income statement, such as field development (including production drilling) and plugging and abandonment. The main impact on the statement of cash flows is that lease payments will now generally be presented under financing activities instead of operating or investing activities.

Currency and hedging effects

The company's financial results are normally sensitive to changes in the USD/NOK currency exchange rate. In the first quarter the exchange rate was relatively stable and the company does not expect any significant currency effects for the period.

Due to an increase in oil prices in the first quarter, the company's oil hedging positions incurred a cost of approximately USD 26 million, which will be charged to Other income for the first quarter. Gains and losses on hedging are subject to corporate tax only.

Disclaimer

The information in this statement is based on a preliminary assessment of the company's first quarter 2019 financial results. The company has not completed its financial reporting and related review and control procedures. The estimates provided may therefore be subject to change and the financial statements finally approved and released by the company may deviate materially from the information herein.

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About Aker BP:

Aker BP is a fully-fledged E&P company with exploration, development and production activities on the Norwegian Continental Shelf. Aker BP is the operator of Alvheim, Ivar Aasen, Skarv, Valhall, Hod, Ula and Tambar. The company is also a partner in the Johan Sverdrup field. Aker BP is headquartered at Fornebu, Norway, and is listed on the Oslo Stock Exchange under the ticker 'AKERBP'. More about Aker BP at www.akerbp.com.

