



Second quarter and first half year 2020 report

Aker BP delivered strong operational performance and record high production in the second quarter. The company's field developments progressed as planned, including a successful start-up of the first Ærflugl phase 2 well. Following the recently introduced temporary changes to the Norwegian petroleum tax system, the company has submitted the plan for development for Hod and entered into an agreement with Equinor on commercial terms for a coordinated NOAKA development.

Minimising the COVID-19 risk

Aker BP has implemented a wide range of measures to minimise the risk to people and operations from the COVID-19 pandemic, including reduced offshore manning, social distancing, travel restrictions and working from home. During the quarter, the company has implemented mandatory testing for all offshore personnel. The company has so far avoided any virus-related disruptions to its operations and will continue to enforce proper measures to minimise the risk level.

Second quarter results

The company's net production in the second quarter was 209.8 (208.1) thousand barrels of oil equivalents per day (mboepd). Net sold volume was 232.0 (207.5) mboepd. Production efficiency remained high and was not significantly impacted by COVID-19. The production curtailments imposed by the Norwegian government have been mitigated by strong operational performance and increased capacity at Johan Sverdrup, hence the company maintains its full-year production estimate of 205-220 mboepd.

Production costs for the oil and gas sold in the quarter amounted to USD 196 (156) million. Production cost per produced barrel oil equivalents (boe) increased slightly to USD 9.1 (8.7), impacted by well maintenance costs which are expected to be reduced in the coming quarters. The company maintains its guidance of USD 7-8 per boe on average for the full year.

Exploration expenses amounted to USD 50 (50) million and included costs of the Sandia well which was dry. Total cash spend on exploration was USD 59 (53) million. The company's expected exploration spend is around USD 350 million for the full year, in line with previous guidance.

Depreciation was USD 286 (277) million, equivalent to USD 15.0 (14.6) per boe. The sharp drop in oil prices caused an impairment charge of USD 654 million in the first quarter. Due to recovering oil prices, reversal of prior period impairments amounted to USD 136 million in the second quarter.

Net financial expenses were USD 27 (149) million in the quarter. Profit before taxes amounted to USD 151 million, compared to a loss before taxes of USD 414 million in the first quarter. Tax credit was USD 19 (80) million due to a catch-up effect from the first quarter of the increased uplift introduced as part of the recently implemented temporary changes to the Petroleum Tax Law and by a positive currency effect on the value of the company's tax balances.

Overall, the company reported a net profit of USD 170 million for the quarter, compared to a net loss of USD 335 in the previous quarter.

Investments in fixed assets amounted to USD 360 (343) million in the second quarter. All field development projects progressed according to plan. Abandonment expenditures were USD 16 (22) million.

Changes to Norwegian petroleum tax unlock new investments

Certain temporary changes in the Petroleum Tax Law were enacted on 19 June 2020. These changes included a temporary ruling for depreciation and uplift, whereas all investments incurred for income years 2020 and 2021 including 24 percent uplift can be deducted from the basis for special tax in the year of investment. These changes also apply for all investments according to Plans for Development and Operation delivered by the end of 2022. In addition, the tax value of any losses incurred in 2020 and 2021 can be refunded from the state.

Following these changes Aker BP has submitted the Plan for Development and Operation for Hod. The Hod field will be developed as a copy of the Valhall Flank West development, with a normally unmanned installation remotely controlled from the Valhall field centre. Total investments for the development are estimated at around USD 600 million and the recoverable reserves are estimated at around 40 million barrels of oil equivalents. Work is already well underway at the yard at Kvaerner Verdal.

During the quarter, Aker BP and Equinor entered into an agreement in principle on commercial terms for a coordinated development of the NOAKA area. The companies have started preparations for submitting Plans for Development and Operation

in 2022.

Strong financial position

Maintaining a strong financial position is a key strategic priority for Aker BP. At the end of the second quarter Aker BP had USD 3.7 (4.0) billion in available liquidity. Net interest-bearing debt was USD 3.8 (3.5) billion, including 0.2 (0.3) billion in lease debt.

In May, the company disbursed dividends of USD 70.8 million, equivalent to USD 0.1967 per share. The Board has resolved to pay a quarterly dividend of USD 70.8 million (USD 0.1967 per share) in August 2020. It is the Board's ambition to maintain this level through the fourth quarter, implying total dividend payments of USD 425 million for the full year.

Presentation and conference call details

The full report and presentation can be found on www.akerbp.com.

A conference call will be hosted at 08:30 (CEST). The conference call will be available as a webcast on the company's website www.akerbp.com/en.

To participate in the conference call, please contact the conference call operator at the telephone numbers listed below. Please join the event 10 minutes prior to scheduled start time and provide the confirmation code or ask for Aker BP's quarterly presentation.

Phone number Norway	+47 2350 0296
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Confirmation code	5804762

Aker BP Q2 2020

2020-Q2 Presentation

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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 Alheim, 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.

This information is subject to disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.