



Third quarter 2020 results

Highlights

- Total income increased to USD 684 million, positively impacted by higher oil and gas prices
- Net profit of USD 80 million and free cash flow of USD 195 million
- On track to deliver on 2020 production guidance
- All field developments progressing according to plan, production start from Ærflug phase 1 expected during Q4-2020
- Further reducing 2020 capital spend by USD 100 million
- Uniquely positioned to benefit from tax changes, aiming to make final investment decisions for projects with more than 500 mmboc of net resources by 2022
- New long-dated bonds issued during the quarter, in total USD 1,250 million, further strengthening financial flexibility

Karl Johnny Hersvik, CEO of Aker BP, comments:

“Third quarter 2020 was a strong quarter for Aker BP. We are well on track to deliver on our production guidance for the year, our development projects are progressing as planned, and we are keeping cost and emissions under control.”

“The recent tax changes provides improved investment conditions in Norway and Aker BP is uniquely positioned to benefit from this opportunity through our large project hopper with lowbreakevens.”

Third quarter 2020 summary

Aker BP reported total income of USD 684 (590) million and operating profit of USD 242 (178) million for the third quarter 2020, positively impacted by higher oil and gas prices. Net profit was USD 80 (170) million. All field development projects are on track, and the company is working to mature more projects from its large resource base towards final investment decision.

The company's net production in the third quarter was 201.6 (209.8) thousand barrels of oil equivalents per day (mboepd), down four percent from the previous quarter due to planned maintenance, drilling operations and project activities at several fields. Due to underlift in the quarter, net sold volume was 187.7 (232.0) mboepd. The company maintains its full-year production estimate and has narrowed the guiding range to 210-215 mboepd.

Average realised liquids price was USD 42.7 (29.9) per barrel, while the realised price for natural gas averaged USD 0.12 (0.08) per standard cubic metre (scm), hence total income increased despite the lower volumes being sold during the third quarter compared to the second quarter.

Production costs for the oil and gas sold in the quarter amounted to USD 134 (196) million. Production cost per produced unit in the quarter amounted to USD 7.3 (9.1) per boe. The company has updated its guidance to approximately USD 8 per boe on average for the full year, representing a reduction of 20 percent compared to the original guidance at the Capital Markets Update in February this year, as all non-critical activities have been postponed and the weaker NOK favourably impacts the cost level.

Exploration expenses amounted to USD 32 (50) million and included costs of the Sørvesten well which was dry. Total cash spend on exploration was USD 54 (59) million. The company's expected exploration spend is around USD 300 million for the full year, down USD 50 million compared to the previous guidance.

Depreciation was USD 269 (286) million, equivalent to USD 14.5 (15.0) per boe. Net financial expenses were USD 51 (27) million in the quarter. Profit before taxes amounted to USD 191 (151) million. Tax expense was USD 111 million, compared to a tax credit of USD 19 million in the previous quarter. The company reported a net profit of USD 80 (170) million for the third quarter.

Capital expenditure for the development of fixed assets amounted to USD 275 (372) million in the third quarter. All field development projects progressed according to plan. Full-year guidance for capital expenditure has been adjusted down with USD 50 million to USD 1,300 million. Abandonment expenditures were USD 35 (16) million. The company's full-year estimate for abandonment spend remain unchanged.

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, mandatory testing for all offshore personnel, social distancing, travel restrictions and working from home. The company has so far avoided any virus-related disruptions to its operations. The relevant policies and procedures will remain in place for as long as necessary.

Strengthened financial position

During the third quarter the company issued USD 1,250 million in new long-dated bonds, USD 500 million Senior Notes with a

coupon of 2.875 percent due in 2026 and USD 750 million Senior Notes with a coupon of 4 percent due in 2031. The company also initiated the early redemption of the USD 400 million Senior Notes due in 2022. This has further strengthened Aker BP's liquidity, extended its maturity profile and reduced the average interest rate on the company's debt.

Following the temporary changes in the Petroleum Tax Law enacted in June 2020, the tax value of any losses incurred in 2020 and 2021 can be refunded from the state. During the third quarter, Aker BP received tax refunds of USD 109 million.

At the end of the third quarter Aker BP had total available liquidity of USD 4.8 (3.7) billion. Net interest-bearing debt was USD 3.8 (3.8) billion, including 0.2 (0.2) billion in lease debt. The redemption of the USD 400 million Senior Notes was completed after the end of the quarter.

In August, the company disbursed dividends of USD 70.8 million, equivalent to USD 0.1967 per share. So far in 2020, USD 354.2 million in dividends have been distributed. The Board has resolved to pay a quarterly dividend of USD 70.8 million (USD 0.1967 per share) in November 2020, which will result in total dividend payments of USD 425 million for the full year.

Webcast and conference call details

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

[AkerBP Q3 2020 Presentation](#)

[AkerBP Q3 2020 Report](#)

A conference call will be hosted at 08:30 (CET). 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.

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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.