

Fourth quarter 2021 results

Aker BP reported record high operating profit of USD 1,260 million and net profit of USD 364 million for the fourth quarter 2021. For the full year 2021, operating profit was USD 3,315 and net profit was USD 851 million. The company continues to deliver oil and gas at low cost and with low emissions. Aker BP is uniquely positioned for profitable growth from a large resource base, backed by industry-leading alliance partners and a very strong financial position.

- Acquisition of Lundin Energy's oil and gas activities announced in December
- Record high financial performance in 2021 with free cash flow of USD 2.5 billion and net debt reduced to USD 1.7 billion
- Low carbon footprint with emissions below 5 kg CO₂ per boe – among the lowest in the industry
- Dividend per share proposed increased from USD 1.35 in 2021 to USD 1.90 in 2022
- Securing profitable growth with three field developments sanctioned in 2021
- Aiming to sanction four new projects in 2022 including NOAKA and Valhall NCP/King Lear
- Added 163 mmboe to its 2P+2C resource base in 2021, more than two times the year's production
- Stepping up exploration activity with 13 wells planned in 2022

"The high oil and gas prices contributed to record strong financial results for Aker BP in 2021. However, in times like these, it is important to stay focused on the things we can influence. For Aker BP, this means to continuously improve and drive down costs and emissions, and to unlock new opportunities for profitable growth," says Karl Johnny Hersvik, CEO of Aker BP.

"Aker BP's financial position is more robust than ever. The strong cash generation has contributed to further reducing our debt level and has allowed us to increase our dividends. Financial flexibility is the foundation for withstanding the volatility of the commodity markets and to fund our investment program," says David Tønne, CFO of Aker BP.

Fourth quarter 2021 summary

Aker BP reported total income of USD 1,849 (1,563) million and operating profit of USD 1,260 (849) million for the fourth quarter 2021. Net profit was USD 364 (206) million. The company paid a dividend of USD 150 million (USD 0.4165 per share) in the quarter. On 21 December 2021, the company announced a transaction agreement with Lundin Energy AB to acquire Lundin Energy's oil and gas related assets.

The company's net production in the fourth quarter was 207.0 (210.0) thousand barrels of oil equivalent per day (mboepd). The decrease was mainly driven by lower production from the Alvheim area and Skarv, partly offset by higher production from the Valhall area compared to the previous quarter. Net sold volume was 205.1 (224.8) mboepd. The average realised liquids price increased to USD 78.8 (71.5) per barrel, while the average realised price for natural gas increased to USD 169.5 (91.3) per barrel of oil equivalent (boe).

Production costs for the oil and gas sold in the quarter decreased to USD 202 (209) million due to lower volumes sold. The average production cost per produced unit was USD 10.1 (9.0) per boe, with the increase driven by lower production, higher power prices and well intervention costs in the Valhall area. Exploration expenses amounted to USD 83 (97) million. Depreciation was USD 219 (247) million, equivalent to USD 11.5 (12.8) per boe, while net impairments amounted to USD 79 million, mainly related to the Ula area.

This resulted in operating profit of USD 1,260 (849) million. After net financial expenses of USD 43 (47) million, profit before taxes ended at USD 1,218 (802) million. Tax expenses amounted to USD 854 (596) million, and net profit was USD 364 (206) million for the quarter.

The company continued progressing its portfolio of field development projects according to plan. During the fourth quarter, the development concept was decided for the NOAKA area development. In addition, development concepts were decided for Valhall NCP & King Lear and for Trine & Trell in the Alvheim area, and a PDO for Hanz in the Ivar Aasen area was submitted to the authorities. Capital expenditure

amounted to USD 442 (378) million in the quarter, mainly related to development projects at the Alvheim and Valhall areas.

At the end of the quarter, Aker BP had total available liquidity of USD 5.4 (4.8) billion. Net interest-bearing debt was USD 1.7 (2.3) billion, including USD 0.1 (0.2) billion in lease debt.

In November, the company disbursed dividends of USD 150 million, equivalent to USD 0.4165 per share, reflecting an annualised dividend level of USD 600 million. During the fourth quarter, the Board resolved to further increase the dividend level by 14 percent to USD 0.475 per share per quarter, effective from 1 January 2022.

On 21 December 2021, the company announced a transaction agreement with Lundin Energy AB, pursuant to which Aker BP will acquire Lundin Energy's oil and gas related assets. The transaction is subject to approval by the shareholders of both companies at their respective general meetings, and approval by relevant authorities. Closing of the transaction is anticipated around mid-2022.

Outlook

Aker BP has a strong financial position and remains well positioned for future value creation. For 2022, the company's financial plan consists of the following key parameters. The numbers relate to Aker BP's current portfolio only, and do not reflect any effects from the proposed Lundin transaction.

- Production of 210-220 mboepd
- Capex of around USD 1.6 billion
- Exploration spend of around USD 400 million
- Abandonment spend of around USD 100 million
- Production cost of around USD 10 per boe
- Dividends of USD 1.9 per share for the full year, to be paid in four quarterly instalments

Aker BP is planning for 13 exploration wells in 2022, with unrisks volume potential estimated to around 250 mmboe net to the company.

Aker BP continues to progress its portfolio of field development projects, and several key milestones are planned in 2022, including first oil from Hod and Johan Sverdrup Phase 2, and final investment decisions and PDO submissions for NOAKA, Valhall NCP & King Lear, Skarv Satellites, and Trine & Trell.

Decarbonisation is a strategic priority for Aker BP. The company's emissions intensity in 2021 was 4.8 kg CO₂ per boe, significantly lower than the industry average. With current planned initiatives, the company is on track to achieve a 50 percent reduction in its gross scope 1 emissions by 2030 and expects to have near-zero gross emissions by 2050. The company is also evaluating a decarbonisation strategy to achieve net zero by 2030.

Webcast and conference call

The company will host a conference call to present its fourth quarter 2021 results on **10 February 2022 at 08:30 CET**. The conference call will be available as a webcast on www.akerbp.com/en. To participate in the conference call, please use the dial-in numbers and passcode below.

Phone number Norway: **+47 2350 0347**
Phone number UK: **+44 (0) 330 336 9600**
Participant passcode: **912023**

Attachments

[Aker BP 2021-Q4 Report.pdf](#)
[Aker BP 2021-Q4 Presentation.pdf](#)

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About Aker BP:

Aker BP is an independent 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 'AKRBP'. More about Aker BP at www.akerbp.com.

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act.

This stock exchange release was published by Kjetil Bakken, VP Corporate Finance and Investor Relations, Aker BP ASA, on 10 February 2022 at 07:00 CET.