

# Q2 2017

AKER BP ASA

---

KARL JOHNNY HERSVIK, CEO  
ALEXANDER KRANE, CFO  
14 JULY 2017



# Disclaimer

*This Document includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. These statements and this Document are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for Aker BP ASA's lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for Aker BP ASA's businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in the Document. Although Aker BP ASA believes that its expectations and the Document are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in the Document. Aker BP ASA is making no representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the Document, and neither Aker BP ASA nor any of its directors, officers or employees will have any liability to you or any other persons resulting from your use.*

# AKER BP ASA

## Highlights

### Production

- Q2-17 production of 142.7 mboepd
- 2017 full year guidance increased to 135 - 140 mboepd

### Finance

- Q2-17 EBITDA USD 395 million, EPS USD 0.18
- Q2-17 Free cash flow\* of USD 135 million (USD 0.40 per share)
- Quarterly dividend of USD 62.5 million (DPS of USD 0.185) to be disbursed in August
- Raised USD 400 million senior notes

### Operations

- Strong drilling performance
- Volund infill wells completed, one put on stream in July
- Development projects progressing according to plan



# Financials

Q2 2017



## FINANCIALS

# Statement of income

Income statement (USD million)	Q2 2017	Q2 2016	FY 2016
<b>Total operating income</b>	<b>595</b>	<b>256</b>	<b>1,364</b>
Production costs	121	39	227
Other operating expenses	3	5	22
<b>EBITDAX</b>	<b>470</b>	<b>211</b>	<b>1,115</b>
Exploration expenses	75	36	147
<b>EBITDA</b>	<b>395</b>	<b>175</b>	<b>968</b>
Depreciation	184	120	509
Impairment losses	0	(20)	71
<b>Operating profit/loss (EBIT)</b>	<b>210</b>	<b>74</b>	<b>387</b>
Net financial items	(84)	(29)	(97)
<b>Profit/loss before taxes</b>	<b>127</b>	<b>45</b>	<b>290</b>
Tax (+) / Tax income (-)	67	39	255
<b>Net profit/loss</b>	<b>60</b>	<b>6</b>	<b>35</b>
EPS (USD)	0.18	0.03	0.15

## FINANCIALS

# Statement of financial position

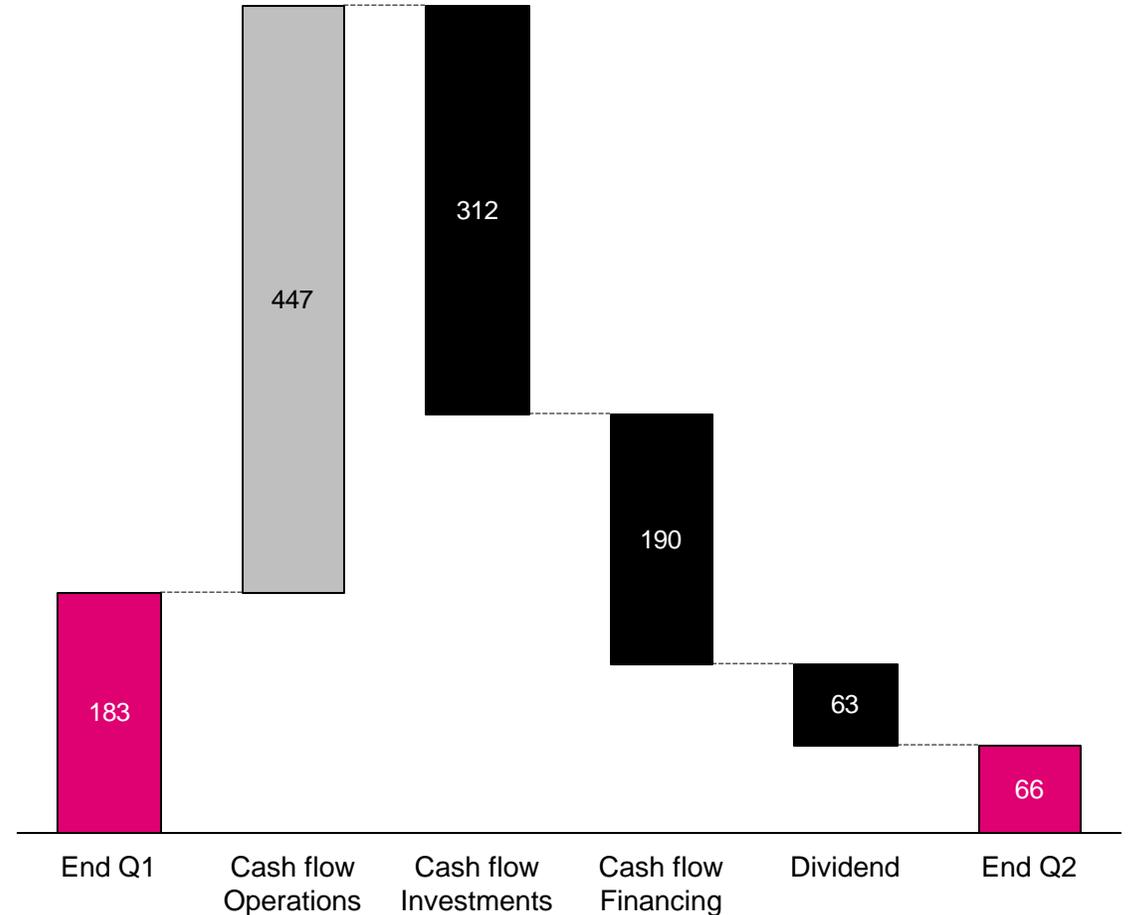
<b>Assets (USD million)</b>	<b>30.06.17</b>	<b>30.06.16</b>
Goodwill	1,817	739
Other intangible assets	1,627	927
Property, plant and equipment	4,725	3,305
Receivables and other assets	694	362
Calculated tax receivables (short)	402	207
Cash and cash equivalents	66	68
<b>Total Assets</b>	<b>9,331</b>	<b>5,609</b>

<b>Equity and liabilities (USD million)</b>	<b>30.06.17</b>	<b>30.06.16</b>
Equity	2,453	378
Other provisions for liabilities incl. P&A (long)	2,330	484
Deferred tax	1,125	1,440
Bonds	554	515
Bank debt	1,814	2,336
Other current liabilities incl. P&A (short)	831	455
Tax payable	225	-
<b>Total Assets</b>	<b>9,331</b>	<b>5,609</b>

# Cash flow and liquidity

- **Strong cash flow in Q2-17**
  - Free cash flow of USD 135 million
  - Repaid USD 190 million on RBL for cash management purposes
  - Dividend of USD 62.5 million (USD 0.185 per share) paid out in May
- **Net interest-bearing debt (book value) of USD 2.30 billion**
- **Leverage ratio\* of 1.1x per 30 June**
- **Cash and undrawn credit of USD 2.7 billion per 30 June**
- **USD 62.5 million (USD 0.185 per share) to be paid out on or about 9 August**

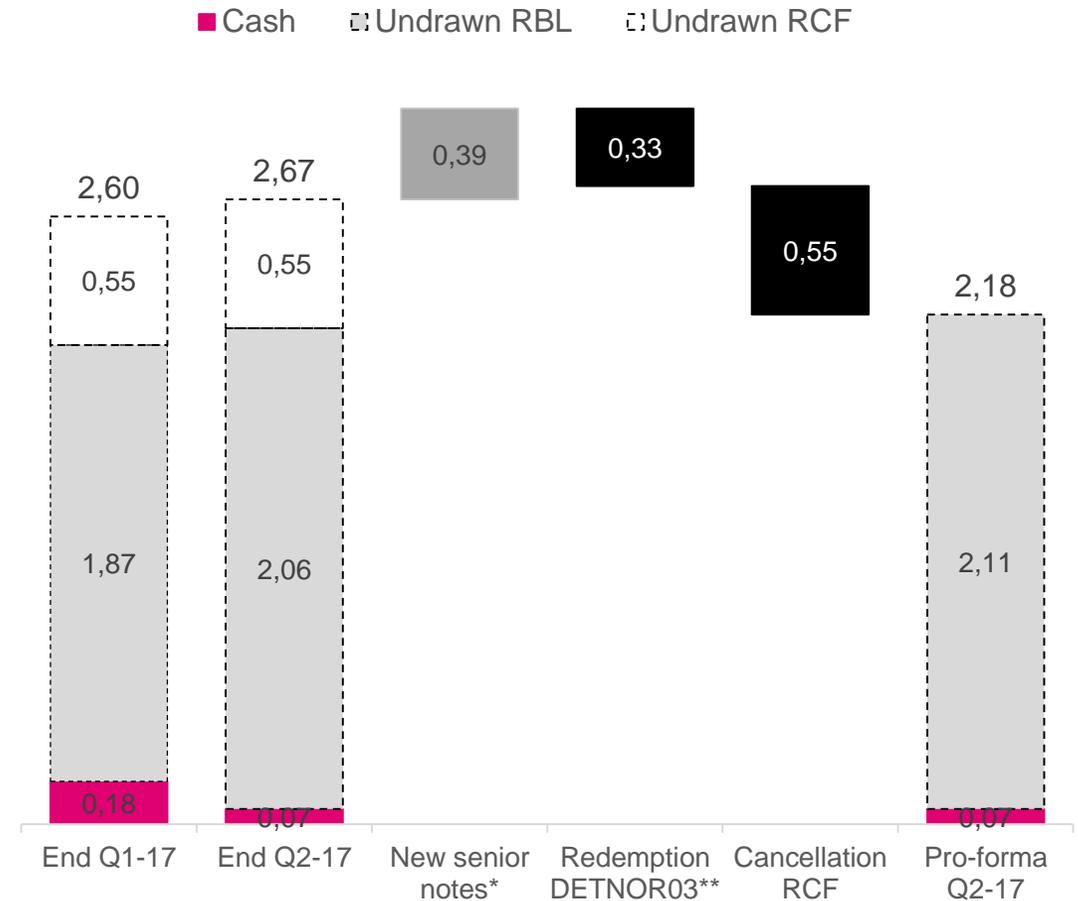
Cash flow Q2 2017 (USD million)



# Changes to the capital structure

- **Obtained corporate credit ratings from S&P (BB+) and Moody's (Ba2)**
- **Raised USD 400 million senior notes**
  - Fixed interest of 6.0 percent, payable semi-annually
  - Five years tenure
  - US documentation (144A/Reg S)
- **Redemption of USD 300 million subordinated PIK/Toggle DETNOR03 bond**
  - Interest of 10.25 percent
  - Redemption at 110 percent of par value (+ accrued interest)
- **Discussions ongoing to amend RBL facility**
  - Cost effective structure and ease of administration
  - Expect to retain USD 4.0 billion facility size
- **Intention to cancel USD 550 million RCF**

Liquidity (USD billion)



# Updated 2017 guidance

Item	Actual year-to-date per June 30, 2017	Old guidance 2017 full year	New guidance 2017 full year
<b>Production</b>	144.0 mboepd	128 – 135 mboepd	135 – 140 mboepd
<b>Production cost</b>	USD 9.3 per boe	USD ~11 per boe	USD ~10 per boe
<b>CAPEX</b>	USD 491 million	USD 900 – 950 million	USD 900 – 950 million (no change)
<b>EXPEX</b>	USD 120 million	USD 280 – 300 million	USD 280 – 300 million (no change)
<b>Decommissioning cost</b>	USD 28 million	USD 100 – 110 million	USD 100 – 110 million (no change)

*Note: Guidance based on USD/NOK 8.5*

# Operations

Q2 2017

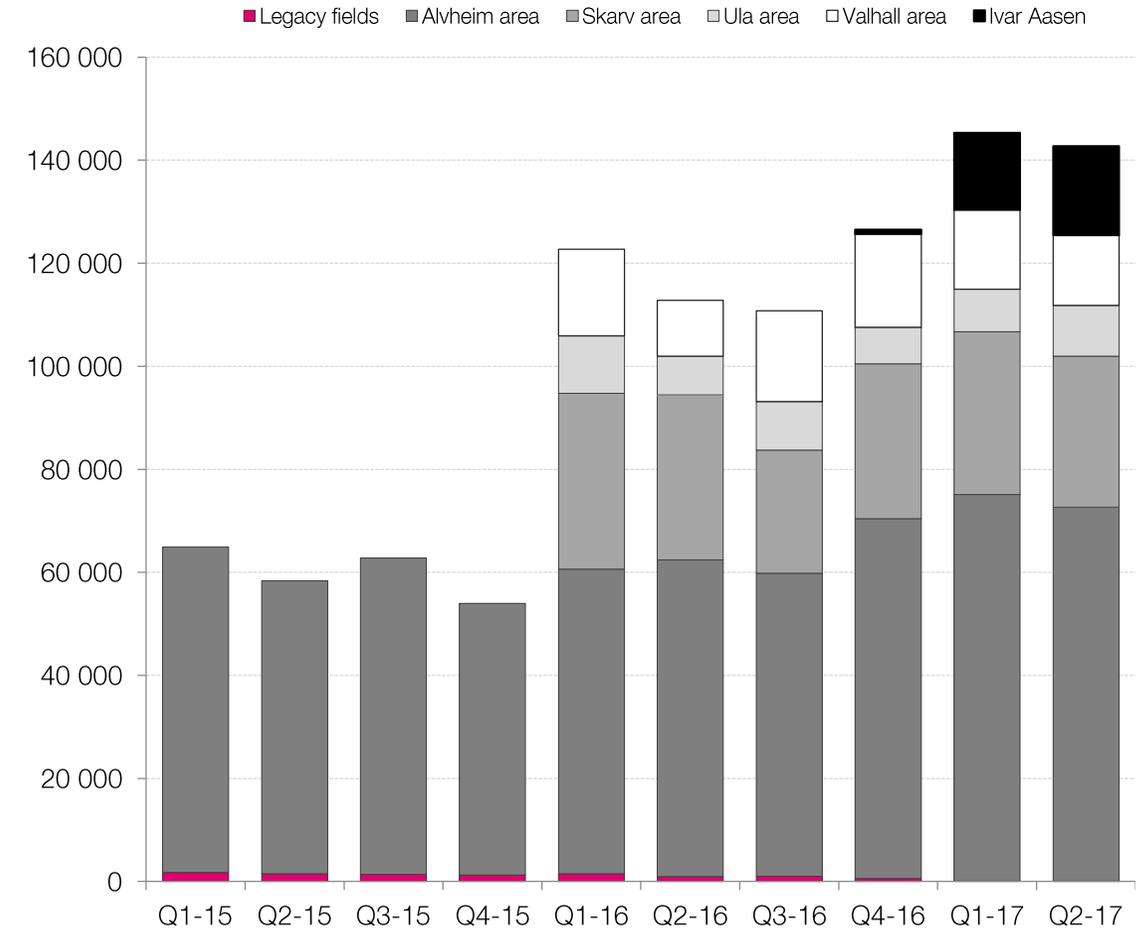


## PRODUCTION

# Oil and gas production

- **Q2-17 production of 142.7 mboepd**
  - 78% liquids / 22% gas
  - Continued strong production from Viper-Kobra
- **Realized oil price of 51 USD/bbl, gas price of 0.18 USD/scm**
- **Gina Krog (3.3%) commenced production on 30 June 2017**

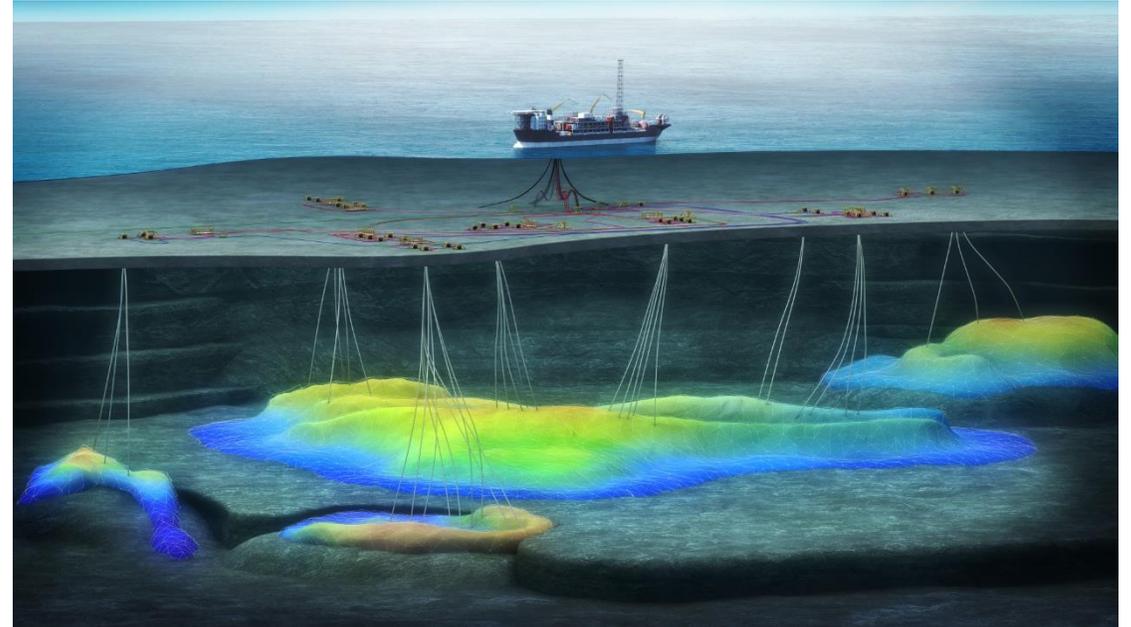
## Net production\* (boepd)



ALVHEIM AREA (65.0%\*)

# Continues to beat expectations

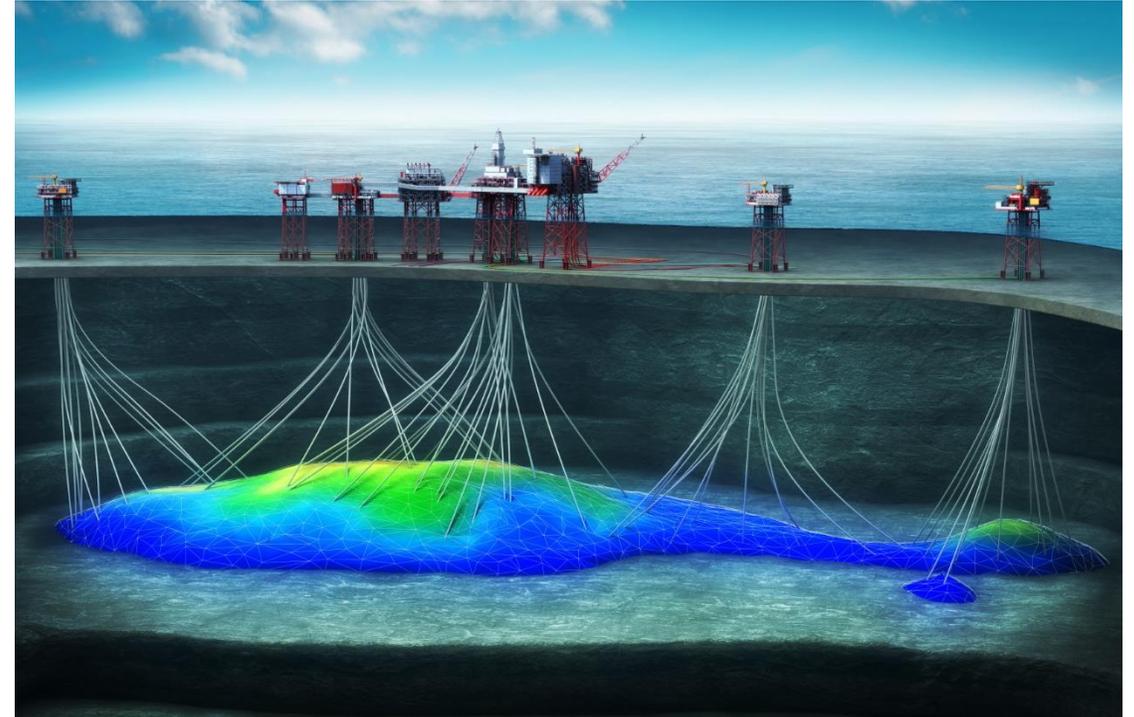
- **Continued stable and high production in Q2-17**
  - Production efficiency of 98%
  - Production cost of 4.5 USD/boe
- **Ongoing drilling campaign with Transocean Arctic**
  - Two infill wells at Volund completed
  - Commenced drilling of first of two Boa infill wells
  - Further maturing opportunities for the area
- **Continued work on subsurface maturation to maximize recovery with lowest number of wells**
- **Storklakken concept selection (DG2) internally approved in March, targeting PDO (DG3) towards the end of 2017**
  - Tie-back to Alvheim FPSO via Vilje
  - First oil planned for 2020



VALHALL (36.0%) / HOD (37.5%)

# Drilling program ongoing

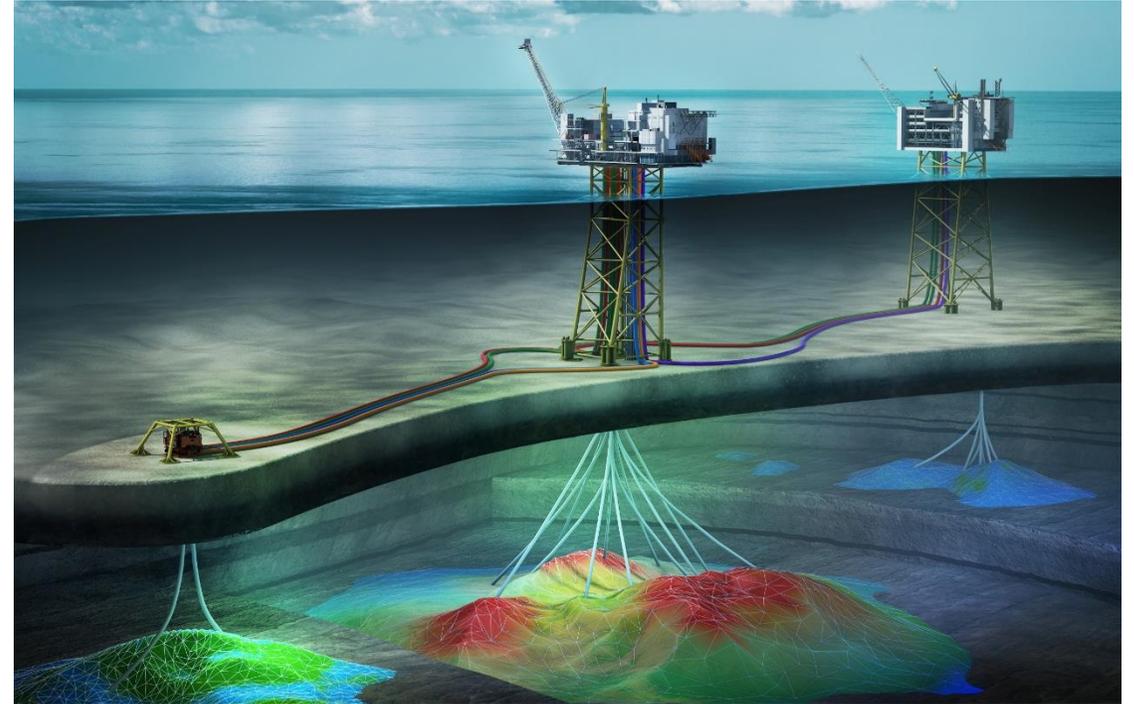
- **Continued high and stable production in Q2-17**
  - Production efficiency 85%
- **IP Platform drilling program ongoing**
  - Seven wells campaign of which three are planned in 2017
  - Strong drillings results to date
- **Maersk Invincible commenced plugging and abandonment (P&A) operations in May**
  - 18 wells to be plugged
- **Valhall Flank West project**
  - Planned as unmanned wellhead platform with 12 well slots, tied back to Valhall field center
  - First oil expected in 2020



IVAR AASEN (34.8%)

# Production ramp-up continues

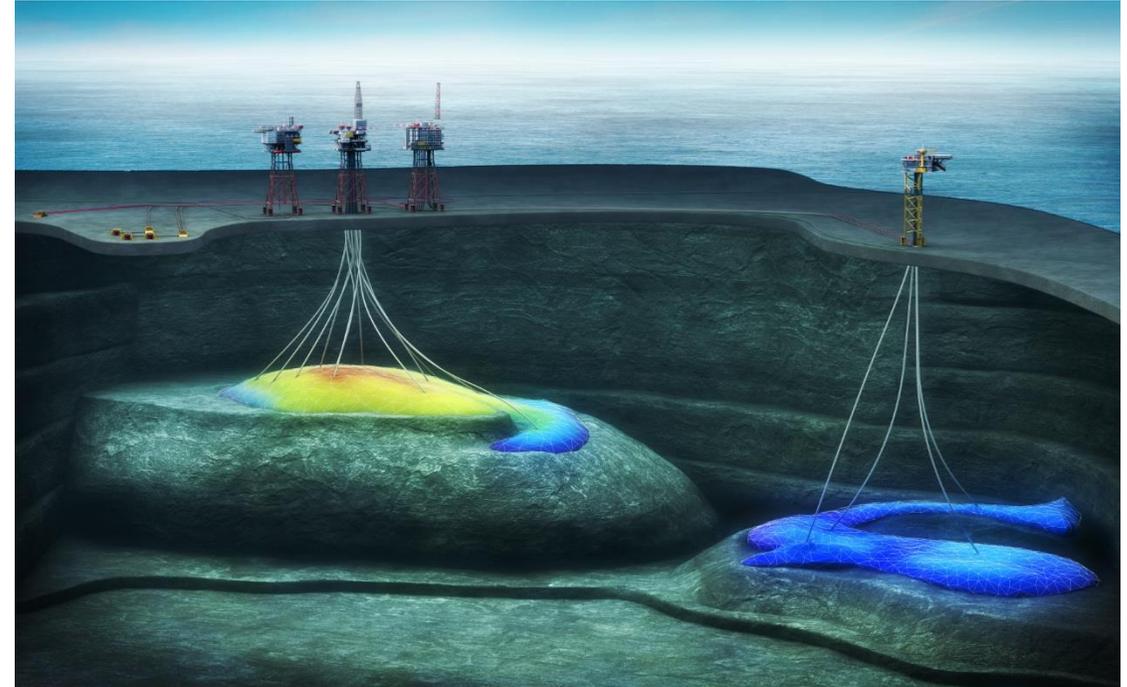
- **Excellent production performance with high uptime**
  - High operational availability of 98.5%
  - Production efficiency 90% due to power issues
- **Strong drilling performance**
  - D-12 production well drilled at record speed
  - PDO well programme to be completed in Q3-17
  - Water injection commenced in May
- **Commissioning activities completed**
  - Ready for increased production according to agreement with Edvard Grieg from Q4-17



ULA (80.0%) / TAMBAR (55.0%)

# Increased production from WAG injection

- **Increased production from Ula/Tambar in Q2-17**
  - Mainly due to WAG effects
  - Production efficiency 69%
- **Tambar development progressing with procurement, engineering and prefabrication**
- **Tambar drilling to commence in Q4-17**
  - Testing OWC in the northern part of the field
  - Increased understanding of the Tambar reservoir
- **PDO for the Oda field (15%) was approved in May**
  - Subsea tie-back to Ula
  - Est. CAPEX NOK 5.4 billion
  - Gross reserves 48 mmboe
  - First oil expected in Q2-19



SKARV AREA (23.8%)

# Snadd development progressing as planned

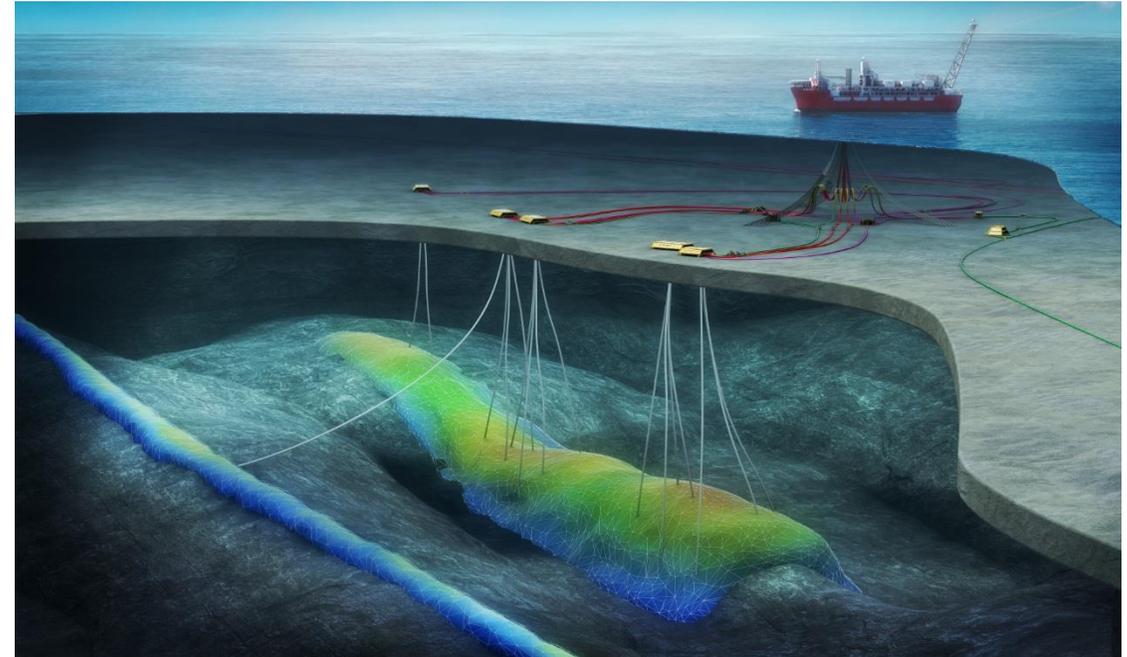
## ■ Stable operations and production

- 96% production efficiency
- Test production from Snadd A1H well continues

## ■ Seismic survey during summer 2017

## ■ Snadd project progressing as planned

- Development comprising of six subsea wells tied back to Skarv FPSO, including topsides modifications
- Est. CAPEX for phase 1 of approx. NOK 6 billion (gross)
- PDO planned in Q4-17
- First gas scheduled for 2020



JOHAN SVERDRUP (11.6%)

## Development on track

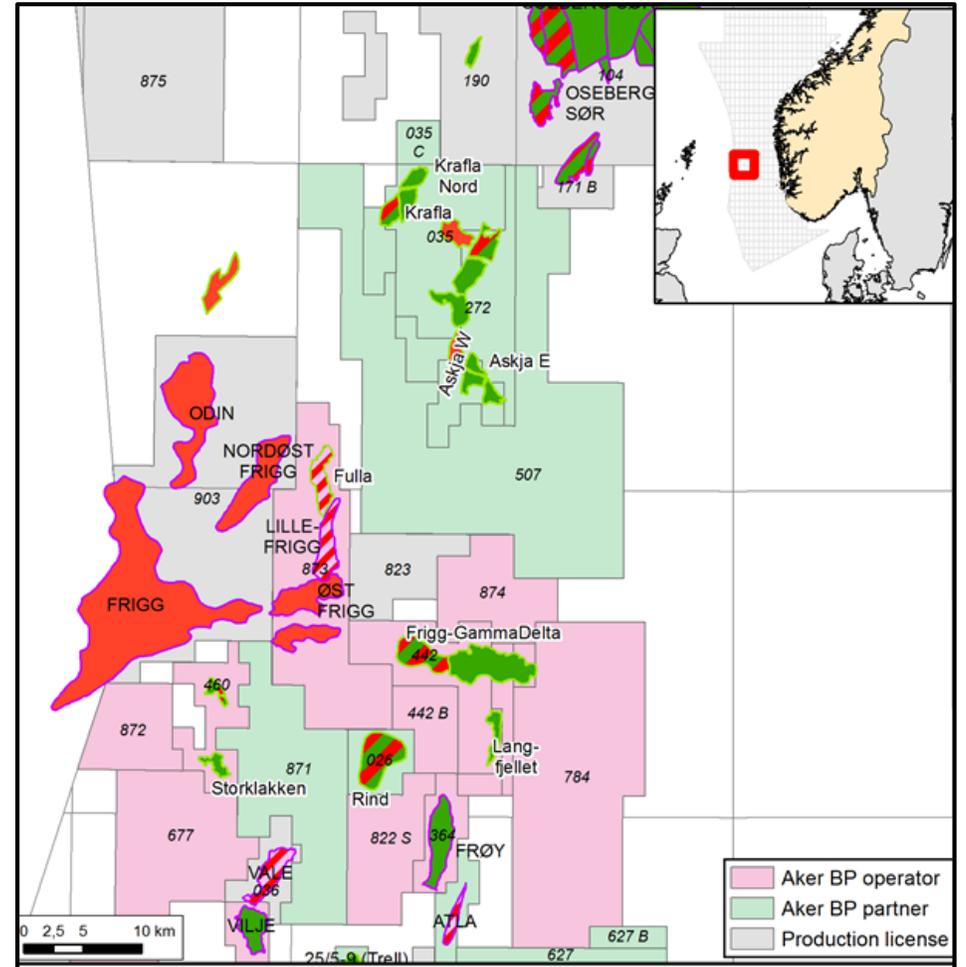
- **Project progressing according to plan:**
  - Most major contracts have been awarded
  - Platform construction ongoing at 22 different sites globally
  - Construction was approximately 60% complete by end-Q2
  - The first steel jacket has been completed
  - Good drilling progress – currently drilling 10 water injectors following completion of eight producers and four pilot wells
- **Highly attractive economics**
  - Phase 1 CAPEX estimated at NOK 97 billion with break-even oil price below 20 USD/boe
  - Full field CAPEX estimated at NOK 137 – 152 billion with break-even oil price below 25 USD/boe
- **The project aims to deliver PDO for phase 2 in the second half of 2018**



*Deepsea Atlantic*

# Targeting an area solution for NOAKA

- Statoil, LOTOS and Aker BP have agreed to establish an area forum to evaluate a joint area development for North of Alvheim and Krafla/Askja (NOAKA)
- Two area solutions to be evaluated;
  - Field hub with processing platform in the middle of the area
  - Two unmanned processing platforms, one in Krafla/Askja area and one in the North of Alvheim area
- Gross resources in the area estimated to be in excess of 400 mmboe
- Concept selection targeted for Q1-18

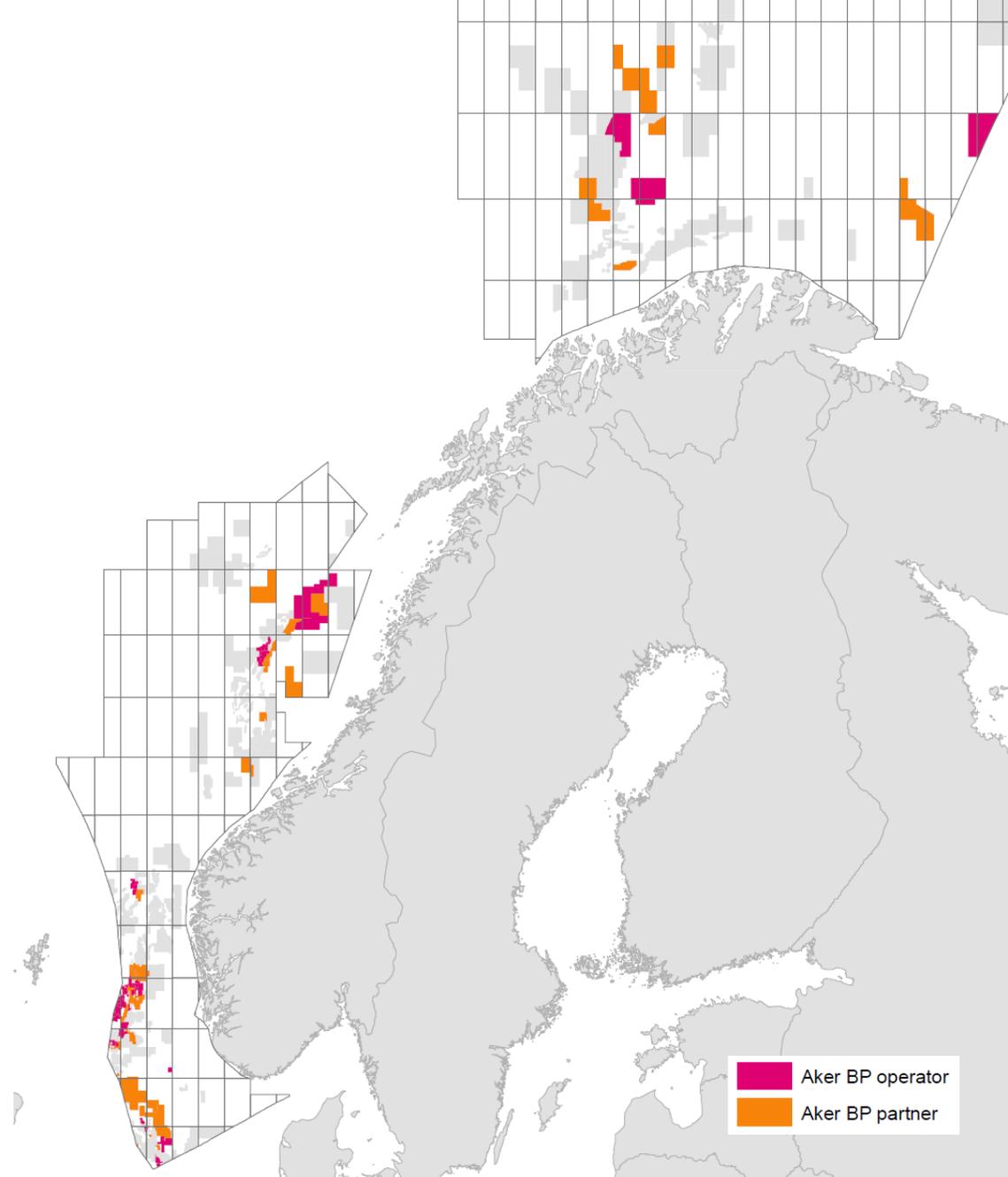


## EXPLORATION

# Exploration activities 2017

- Drilling of the Gohta (NE) and Volund West prospects completed in the second quarter
- Maersk Interceptor to commence drilling of the Hyrokkin prospect in August, before drilling of the Nordfjellet/Delta prospects

License	Prospect name	Operator	Aker BP share	Pre-drill mmbœ*	Time
JS Unit	Tonjer	Statoil	11,6%	Dry	Q1
PL533	Filicudi	Lundin	35%	Discovery	Q1
PL492	Gohta (NE)	Lundin	60%	Dry	Q1
PL150B	Volund West	Aker BP	65%	Dry	Q2
PL677	Hyrokkin	Aker BP	60%	6 – 55	Q3
PL442	Nordfjellet/Delta	Aker BP	90%	10 – 39	Q3
PL048G	Central 3	Statoil	3,3%	8 - 21	Q3
PL533	Hufsa	Lundin	35%	186 – 403	Q4



## IMPROVEMENT

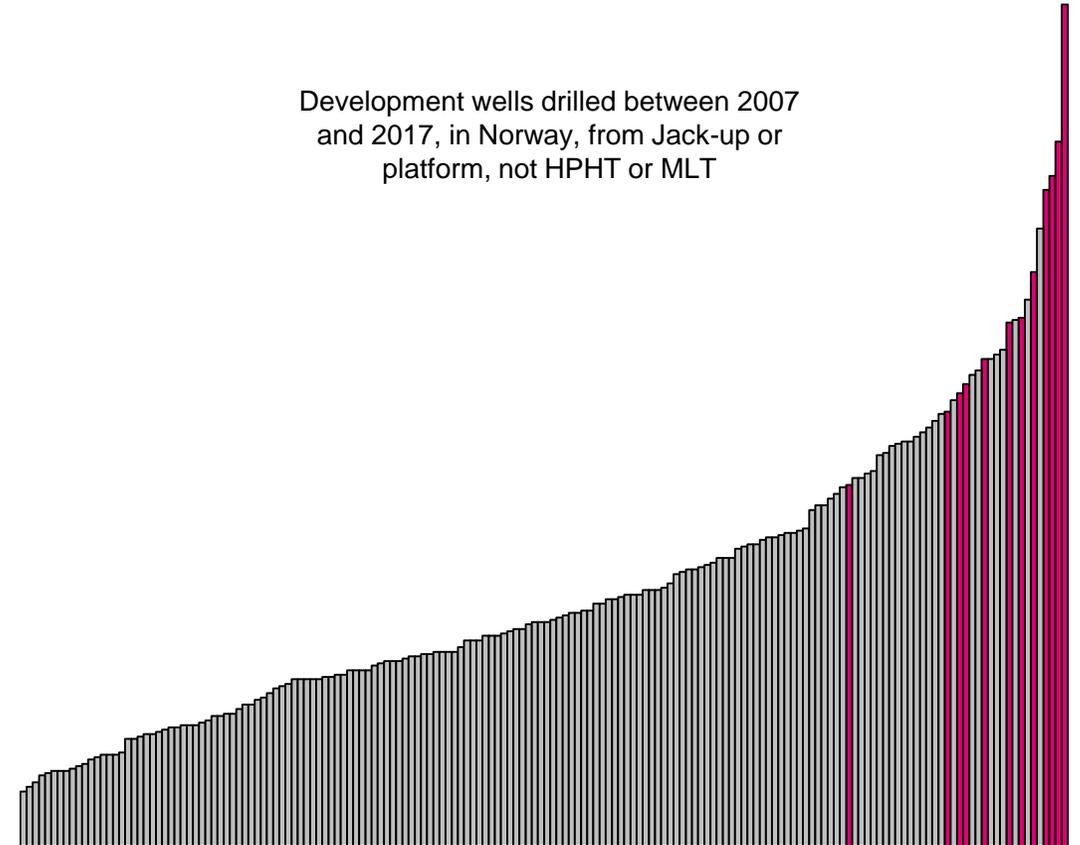
# Drilling and wells continuous improvement

- **Integrated one team approach continue to deliver improvement and outstanding drilling results**
- **Valhall IP – G-9 Well**
  - Implemented new well design and technology to deliver wells with cost below 5 USD/boe
  - Increased recoverable reserves with about 30% compared with pre-drill estimates by increasing length of horizontal reservoir section by almost 50%
- **Ivar Aasen – Maersk Interceptor**
  - Continues to deliver excellent drilling and completion performance
  - Latest well (D-12) top on Rushmore statistics with 368 m/dry hole day
  - New record for 12 ¼” section with 1,757 m in 24 hours
- **West Volund – Transocean Arctic**
  - Delivered West Volund from spud to TD in 10 days
  - Well costs below NOK 100 million (gross)

## Ivar Aasen production and water injector wells

Meters / dry hole day excluding coring and logging \*

Development wells drilled between 2007 and 2017, in Norway, from Jack-up or platform, not HPHT or MLT



# Closing remarks

## Execute

- Efficient and safe operations
- Deliver PDO on Snadd, Valhall Flank West and Storklakken before year-end

## Improve

- Relentless focus on cost reductions and productivity gains
- Mature projects to below 35 USD/boe break-even

## Grow

- Stepping up exploration activity in H2 2017
- Pursue selective growth opportunities





[www.akerbp.com](http://www.akerbp.com)