

Second quarter 2020

Aker BP ASA

14 July 2020



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Building momentum

- Stable operations despite COVID-19 and volatile markets
- Tax changes unlocking new profitable investments
- PDO submitted for Hod – commercial agreement in place for NOAKA



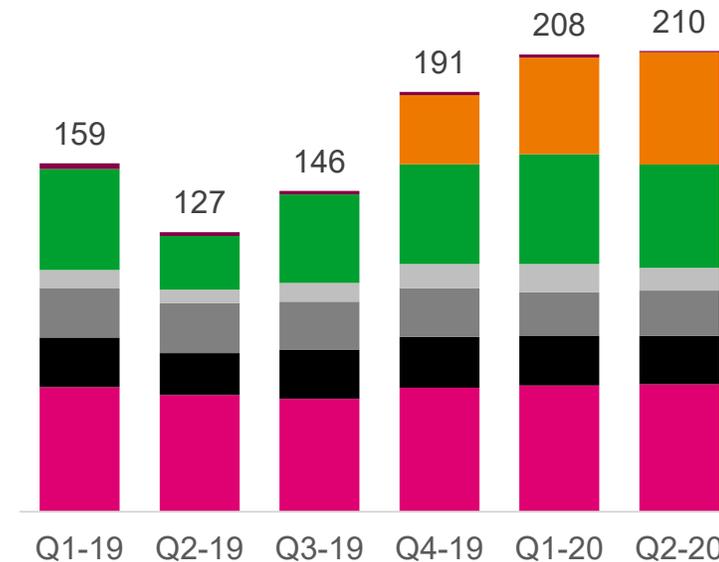
Efficient management of the COVID-19 situation

Protecting our people and maintaining full production



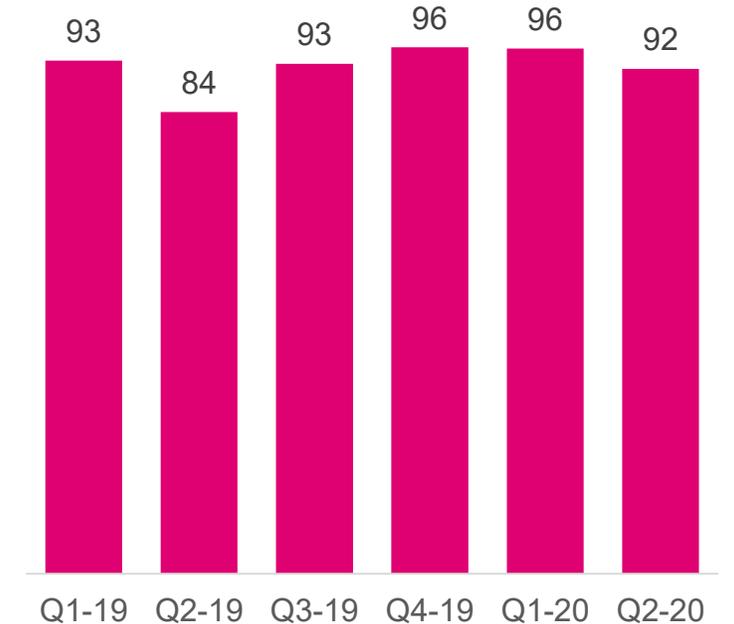
Production

(mboepd)



Production efficiency

Aker BP operated assets (percent)



Q2-2020 | STABLE OPERATIONS IN CHALLENGING TIMES

Continued strong operational performance

**SAFETY
FIRST**

1

Serious
incident

**RECORD
PRODUCTION**

209.8

thousand barrels of
oil equivalents per day

**LOW
COST**

\$9.1

Production cost
per boe produced

**HIGH
EFFICIENCY**

92%

Production
efficiency

**LOW
EMISSIONS**

<5kg

CO₂ emissions
per boe



Q2-2020 | STABLE OPERATIONS IN CHALLENGING TIMES

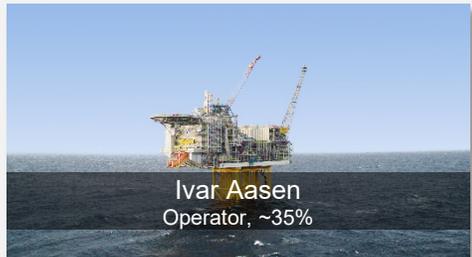
Value creation across the portfolio



- Skogul on production
- Kameleon infill underway
- Frosk test production



- Drilling campaign completed
- Planned maintenance



- Increasing water injection
- Two IOR wells planned for H2
- Maturing Hanz



- Flank West drilling completed
- Well stimulation continues
- Hod PDO submitted



- Ærfugl on schedule
- First Ærfugl well on production
- Alve NE spud in H2



- Plateau production reached
- 11 wells on stream
- Phase 2 on track

Tax changes support further value creation

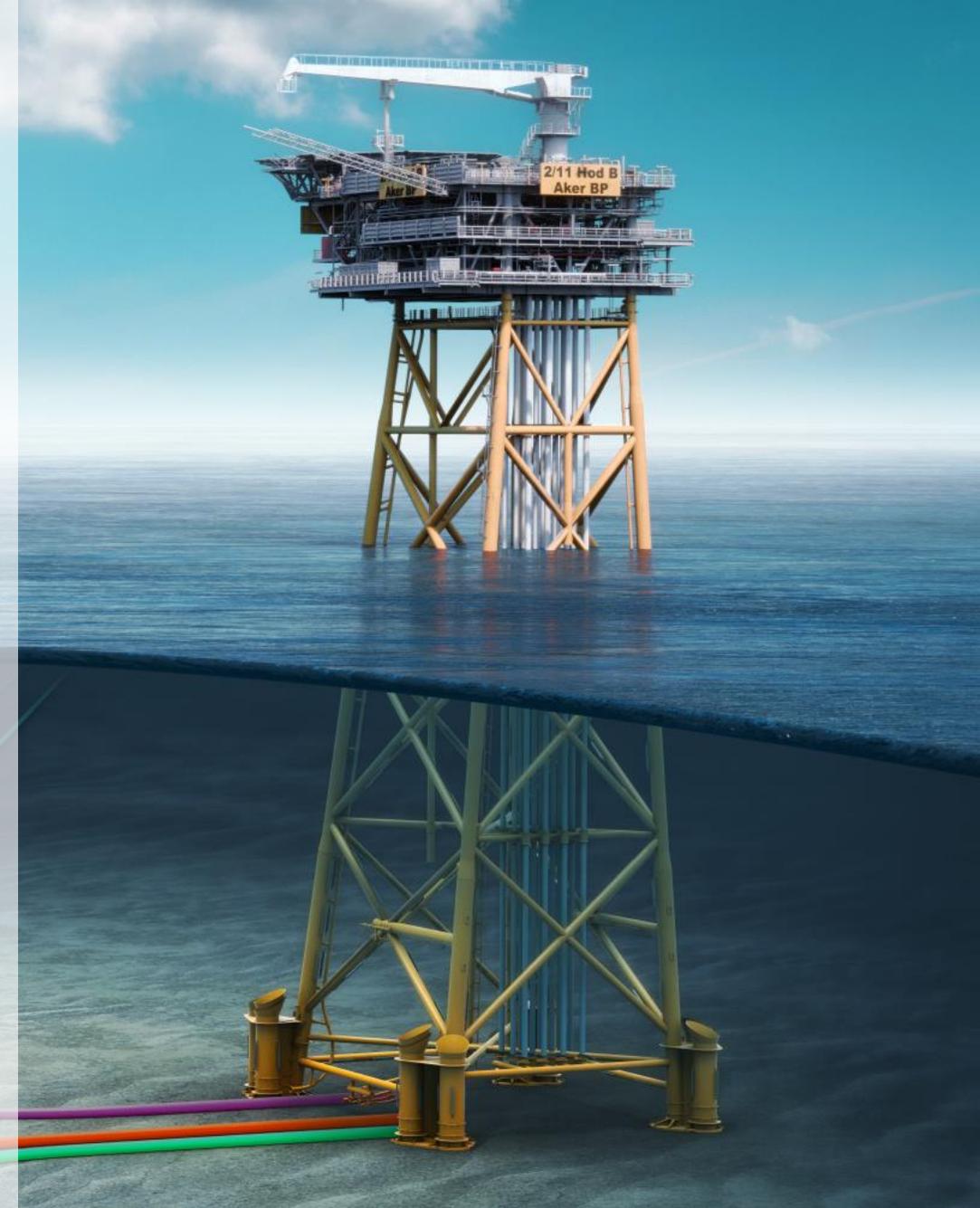
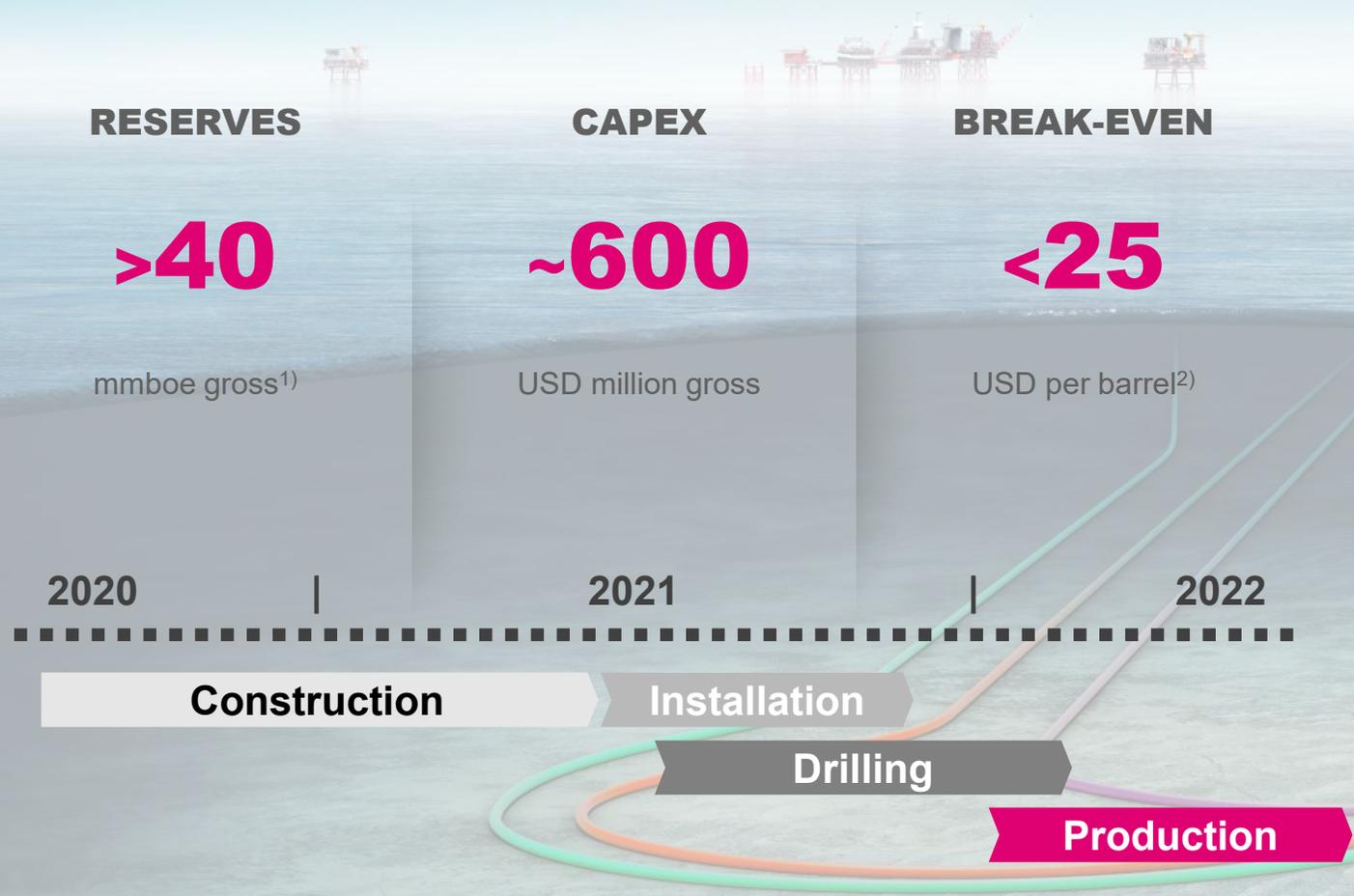
- Accelerate cash flow and stimulate investments through the cycle
- Crucial to maintaining competence and jobs in the Norwegian oil & gas industry
- Increased value creation for all stakeholders



Q2-2020 | SEIZING NEW OPPORTUNITIES

PDO submitted for Hod

Building on the successful Valhall Flank West project



1) Gross reserves including additional production from existing wells due to extension of licence period

2) Oil price required to achieve zero NPV at 10% discount rate on after-tax basis for Aker BP. Tariffs paid to Valhall are eliminated.

Commercial agreement paves way for NOAKA area development

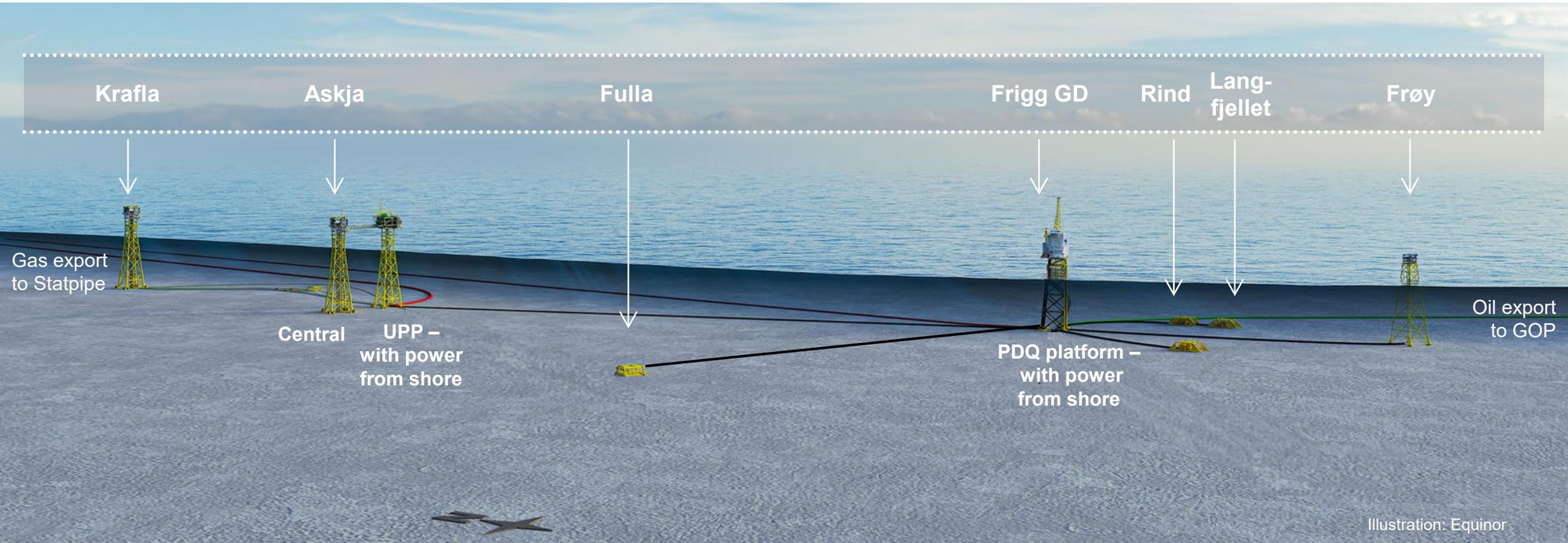


Illustration: Equinor

License partners:



Key features of the NOAKA development

Field of the future	Creating value for the society
<ul style="list-style-type: none">■ Digital operations model■ Minimal CO₂ emissions■ Capacity for future discoveries	<ul style="list-style-type: none">■ 50,000 FTEs in development phase■ Strengthens the Norwegian supply industry■ Significant tax revenues to Norwegian society



Financial review

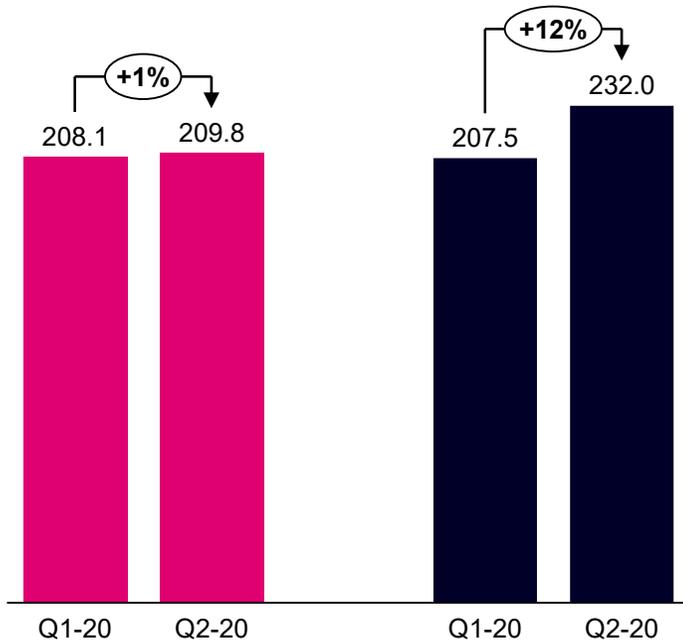
Q2-2020 | FINANCIAL REVIEW

Oil and gas sales

Volume (mboepd)

Production

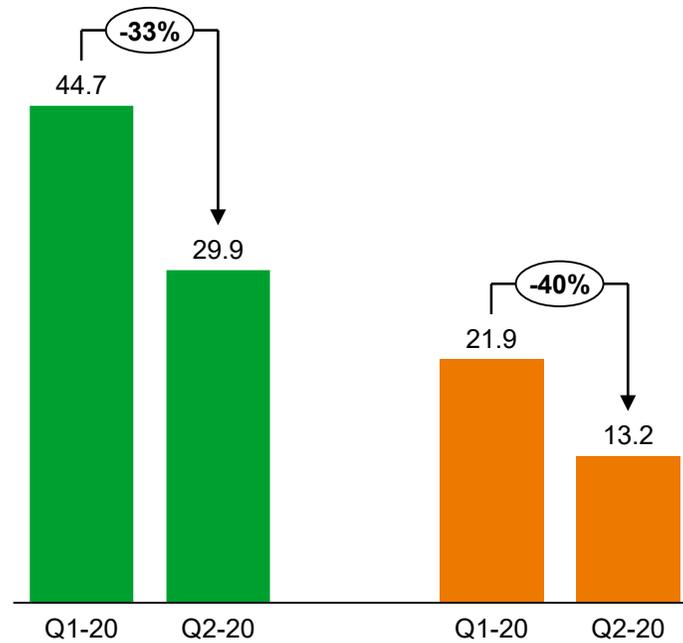
Sales



Realised prices (USD/boe)

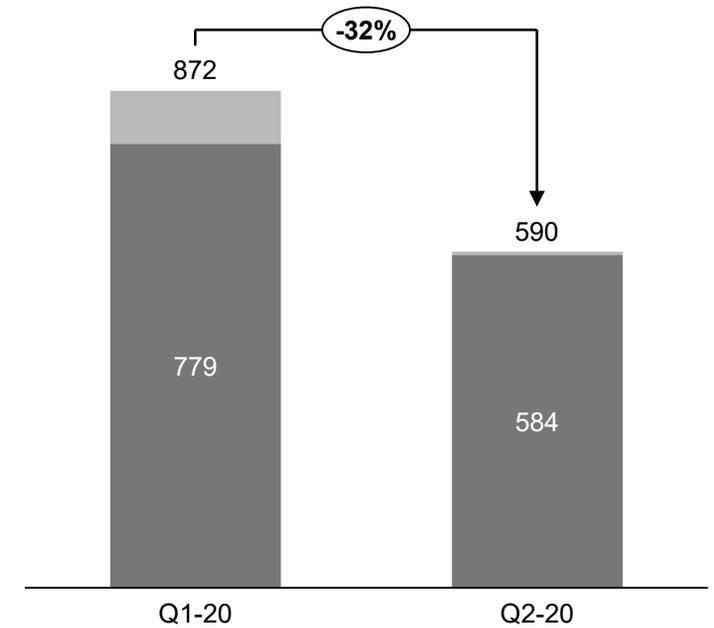
Liquids

Natural gas



Total income (USDm)

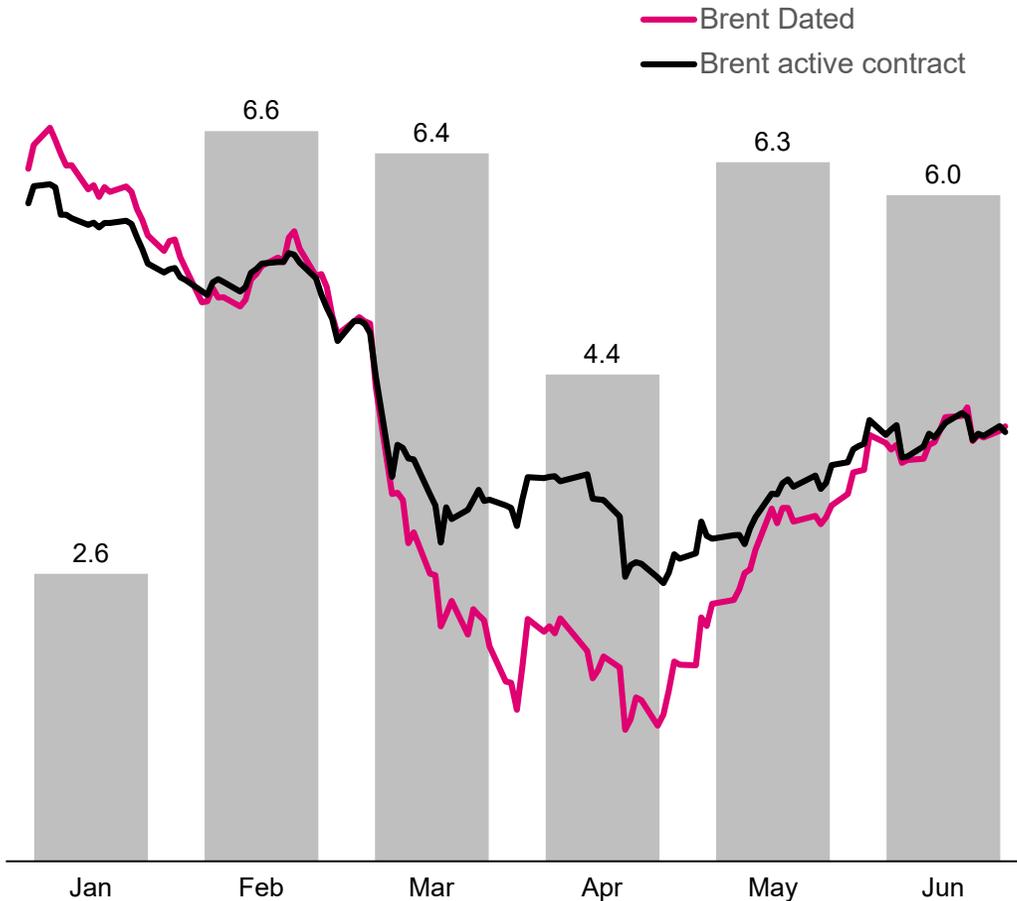
- Other operating income
- Petroleum revenues



Lifted volumes and realised prices

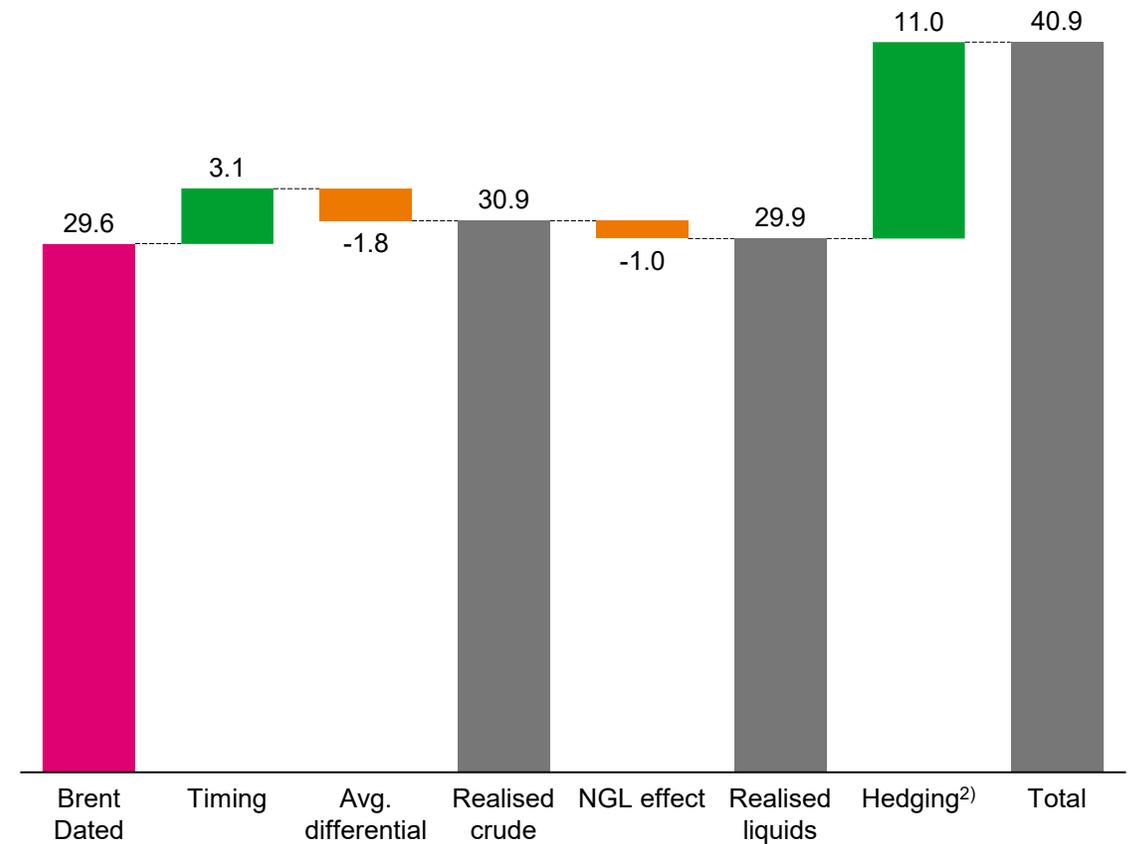
Crude oil liftings H1-2020¹⁾

mmbbl



Breakdown of realised liquids prices in Q2

USD/bbl



1) Price data sources: Platts (Brent Dated), Bloomberg (Brent active contract)

2) Realised gains on hedging in Q2 adjusted for difference in tax rate to reflect equivalent oil price effect for physical volumes

Summary of tax changes

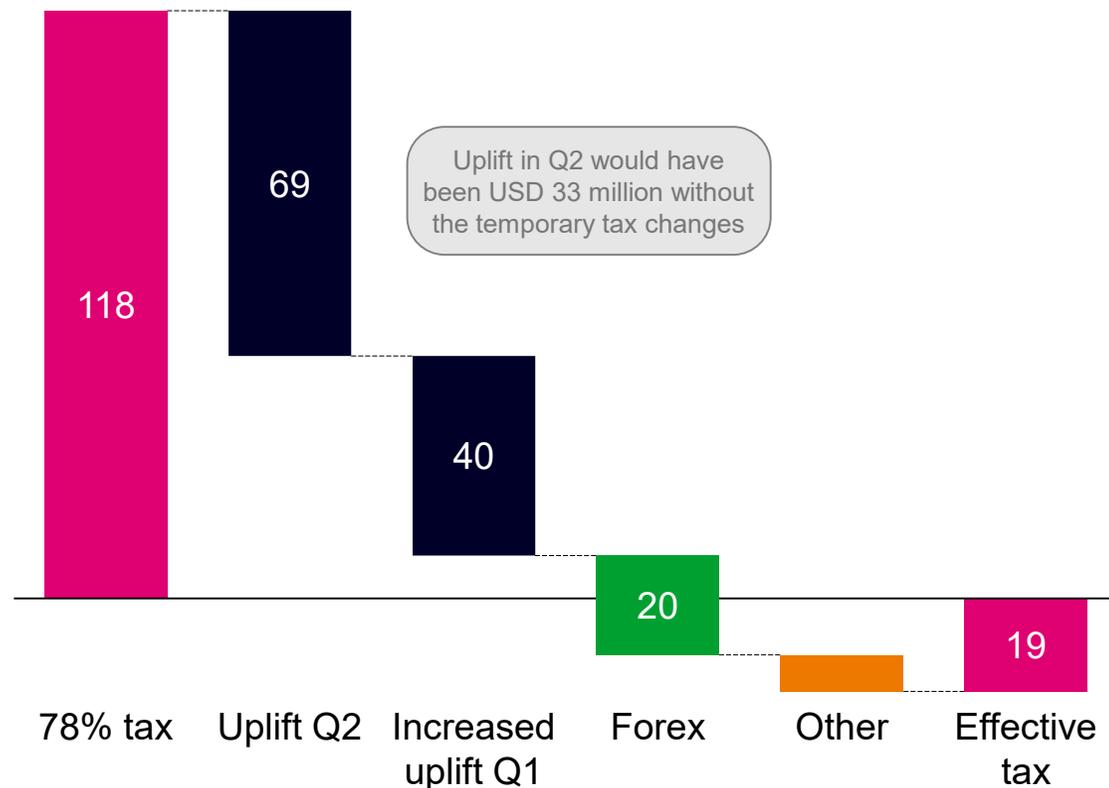
	Ordinary tax system		Temporary tax system
Corporate tax (22%)	Capex depreciated over 6 years	➔	No change
Special tax (56%)	Capex depreciated over 6 years	➔	Immediate depreciation
Uplift on capex	20.8% over 4 years	➔	24% in year 1
Time limit	N/A	➔	All capex 2020-21 PDOs by end-2022 ²⁾
Tax losses	Carried forward ¹⁾	➔	Cash refund in 2020 and 2021

Income statement

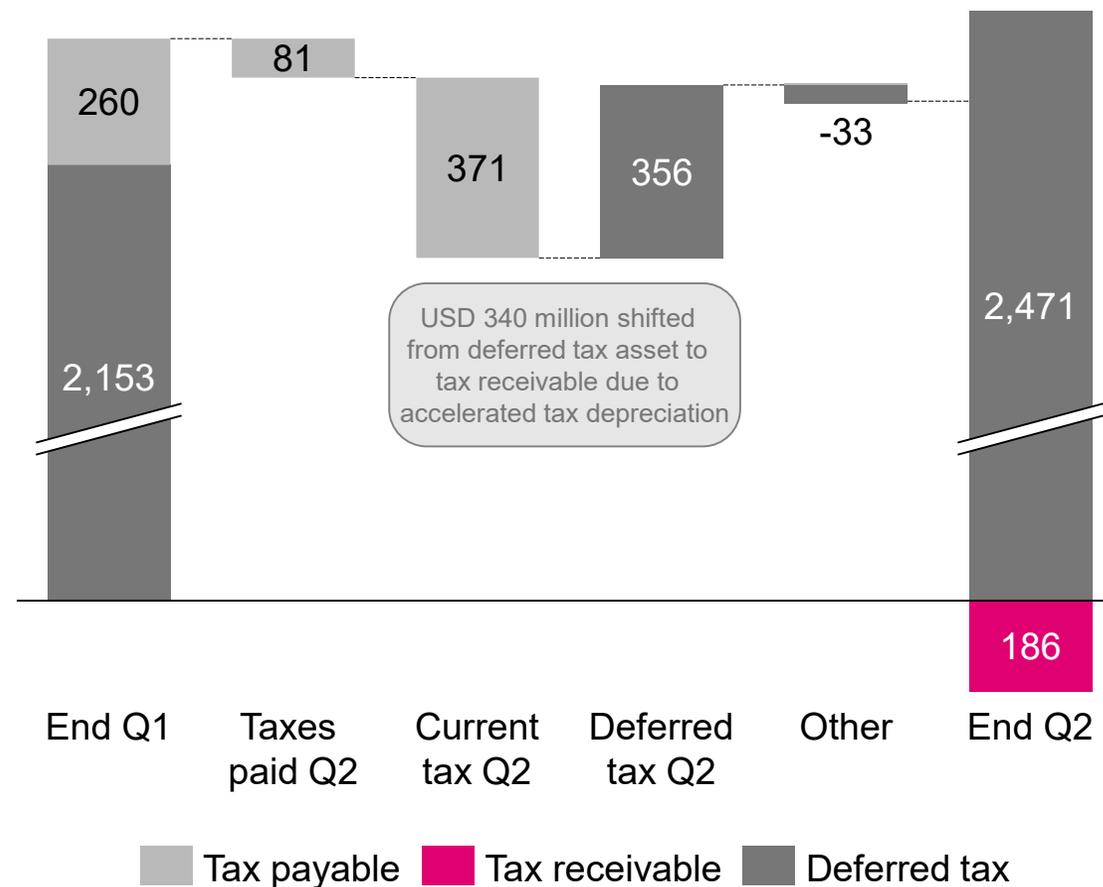
USD million	Q2 2020	Q1 2020	Q2 2019
Total income	590	872	785
Production costs	196	156	198
Other operating expenses	15	-	4
EBITDAX	379	716	583
Exploration expenses	50	50	60
EBITDA	329	666	522
Depreciation	286	277	168
Impairments	(136)	654	-
Operating profit (EBIT)	178	(266)	354
Net financial items	(27)	(149)	(86)
Profit/loss before taxes	151	(414)	268
Tax (+) / Tax income (-)	(19)	(80)	206
Net profit/loss	170	(335)	62
EPS (USD)	0.47	(0.93)	0.17

Tax effects in the financial statements

Effective tax Q2-2020



Tax movements in balance sheet



Statement of financial position

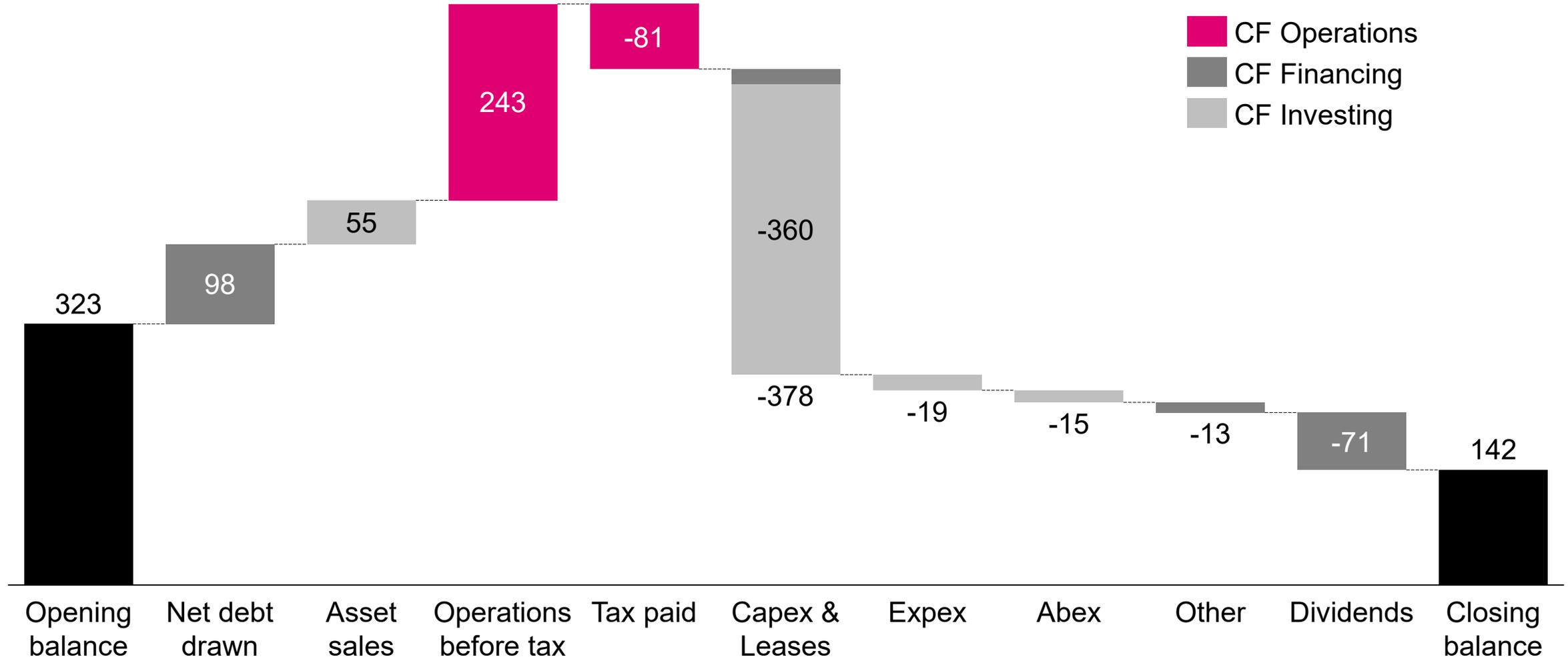
USD million

Assets	30.06.20	31.03.20	31.12.19
Goodwill	1,647	1,647	1,713
Other intangible assets	2,054	2,001	2,537
Property, plant and equipment	7,175	7,061	7,023
Right-of-use asset	137	171	194
Receivables and other assets	546	524	652
Calculated tax receivables	187	-	-
Cash and cash equivalents	142	323	107
Total Assets	11,889	11,727	12,227

Equity and liabilities	30.06.20	31.03.20	31.12.19
Equity	1,912	1,813	2,368
Other provisions for liabilities incl. P&A (long)	2,655	2,699	2,645
Deferred tax	2,471	2,153	2,235
Bonds and bank debt	3,712	3,593	3,287
Lease debt	236	277	313
Other current liabilities incl. P&A	901	931	1,017
Tax payable	-	260	361
Total Equity and liabilities	11,889	11,727	12,227

Cash flow

USD million



Maintaining financial strength

Recent developments

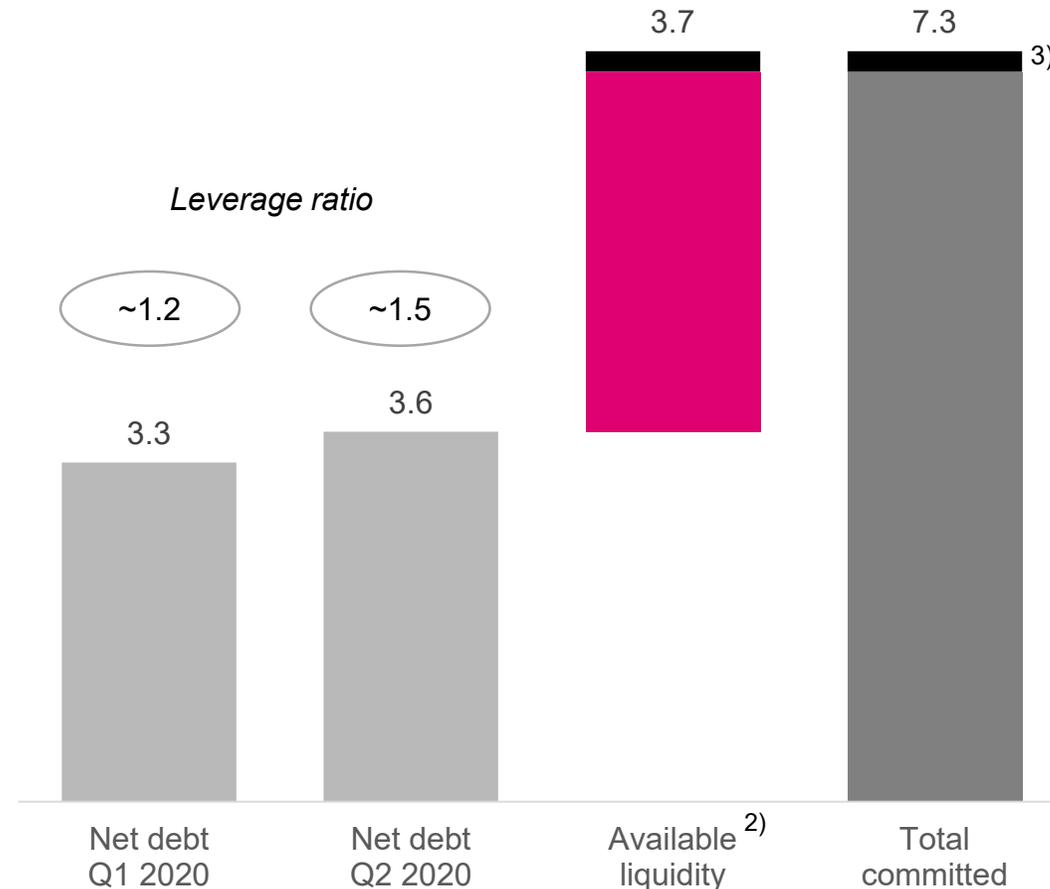
- Issued new bonds for USD 1.5 bn (January)
- RCF maturity extended by one year to 2025 (April)
- Credit ratings maintained – outlook raised back to ‘stable’¹⁾
- DETNOR02 bond redeemed on maturity 2 July

S&P Global BBB- (stable)

FitchRatings BBB- (stable)

MOODY'S Ba1 (stable)

Debt and liquidity (USD billion)



1) By S&P Global and Moody's

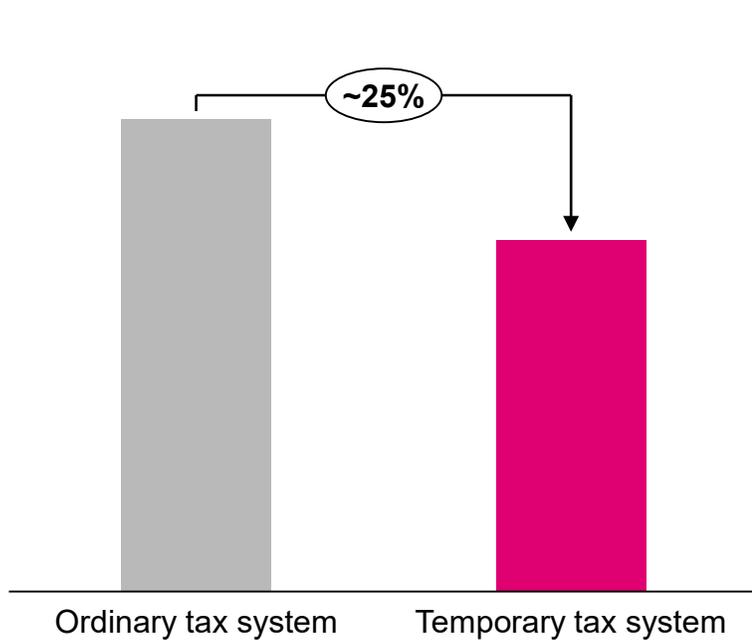
2) Cash and undrawn capacity on RCF

3) Represents the DETNOR02 bond which has been redeemed after the end of the quarter

Tax changes improve liquidity and robustness

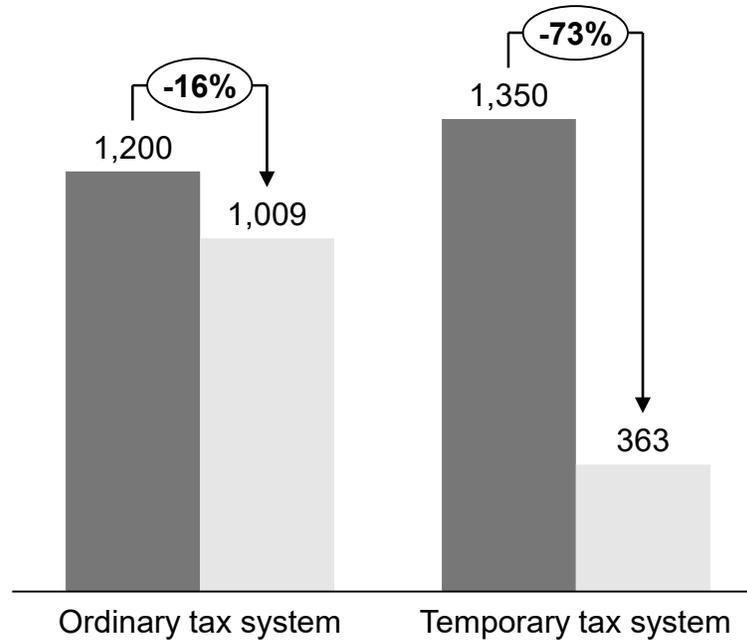
Lower break-even oil prices

Average break-even oil price for projects with CAPEX in 2020-2022¹⁾



Accelerated tax deductions

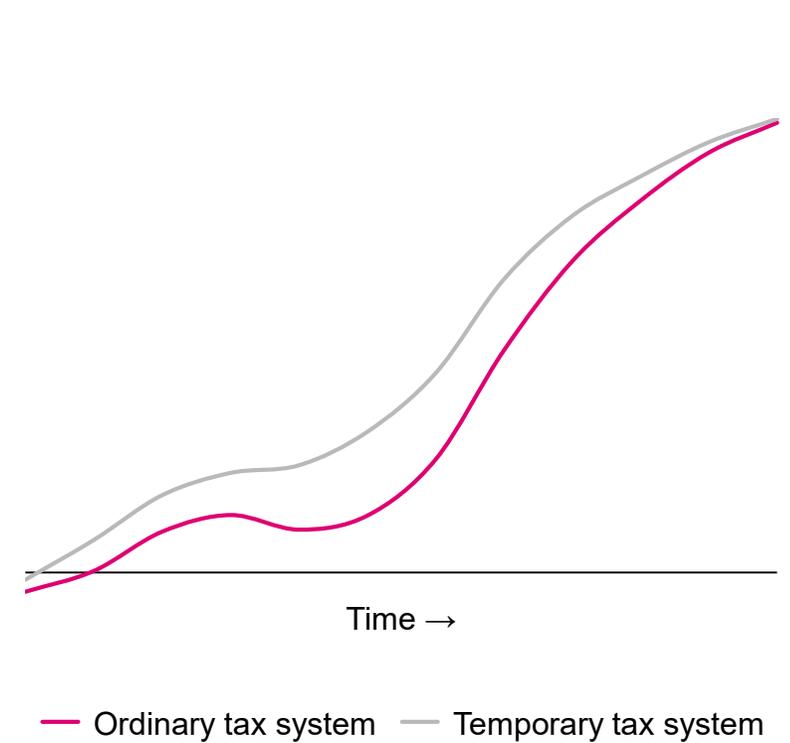
Aker BP's 2020 capex guidance, USD million



■ Before tax ■ After tax

Improved cash flow profile

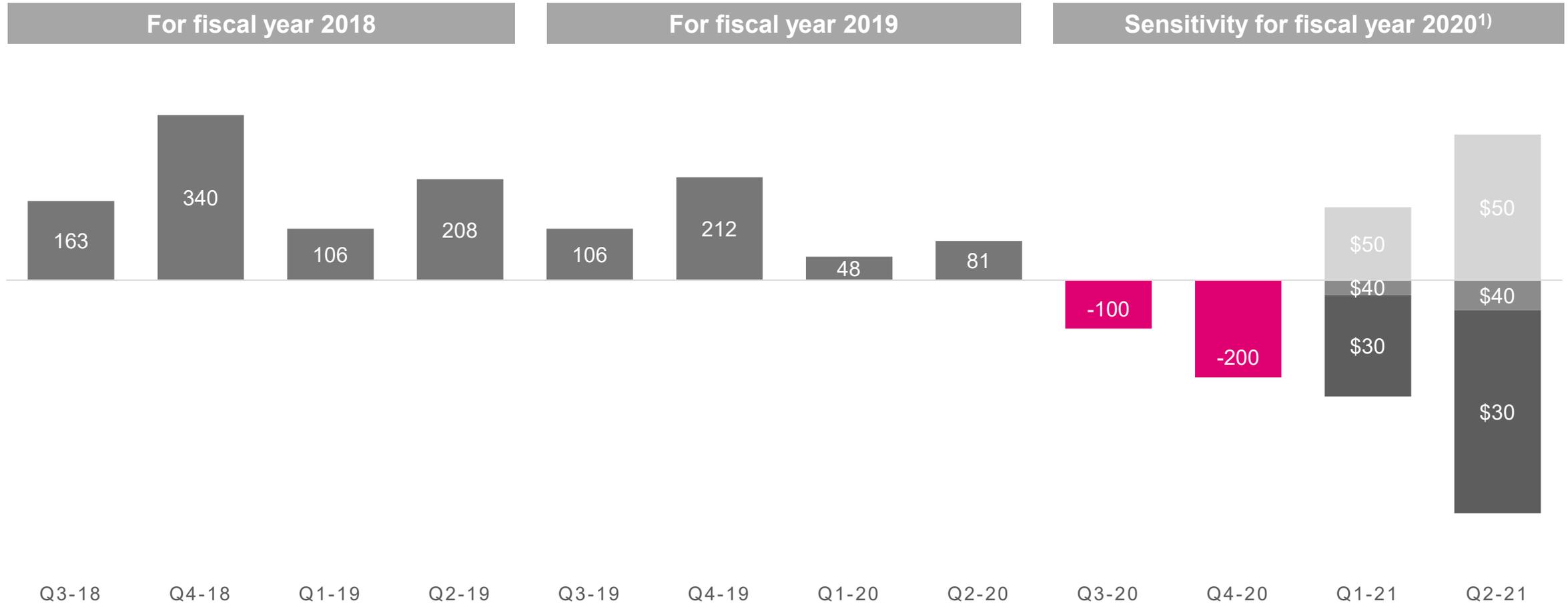
Illustrative company cumulative cash flow



— Ordinary tax system — Temporary tax system

Expecting tax refund for fiscal year 2020

Tax payments (USD million)



Guidance for 2020

Production

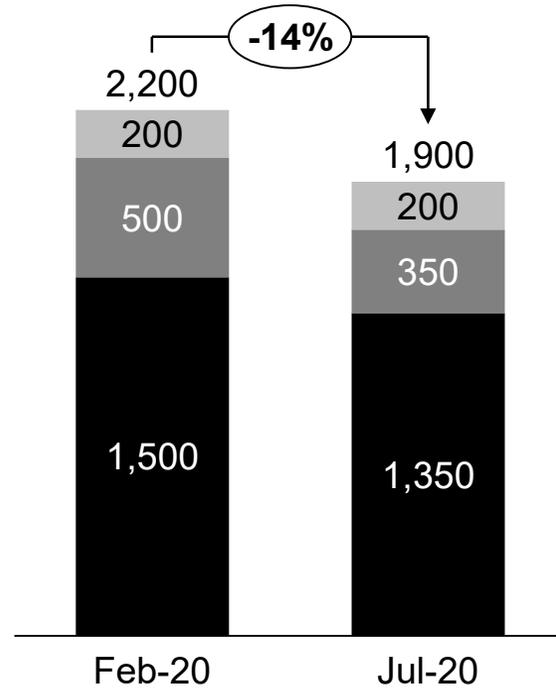
mboepd



Capital spend

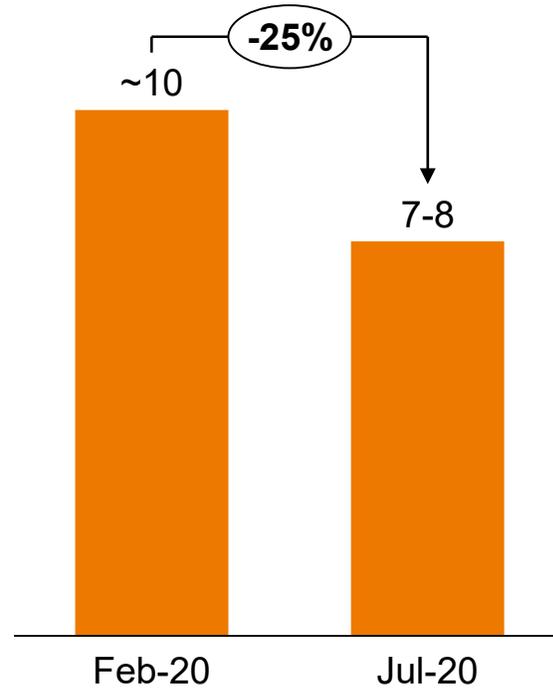
USD billion

Abex Exploration Capex



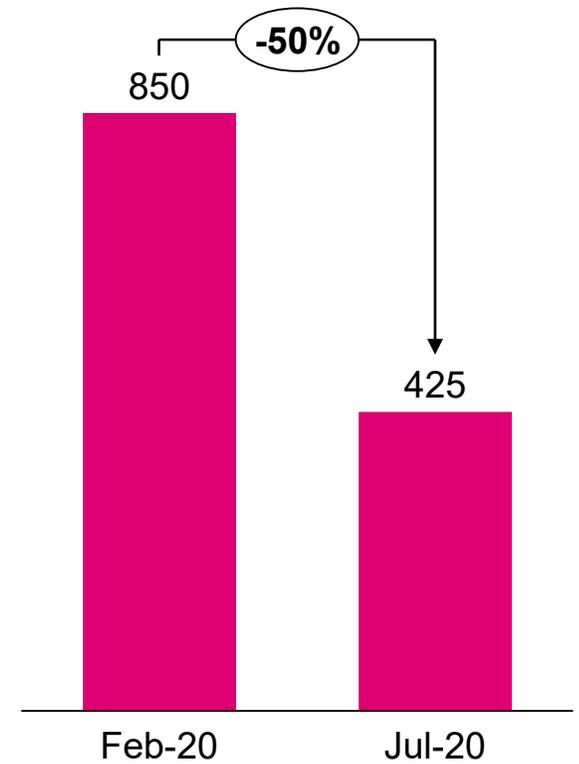
Production cost

USD/boe



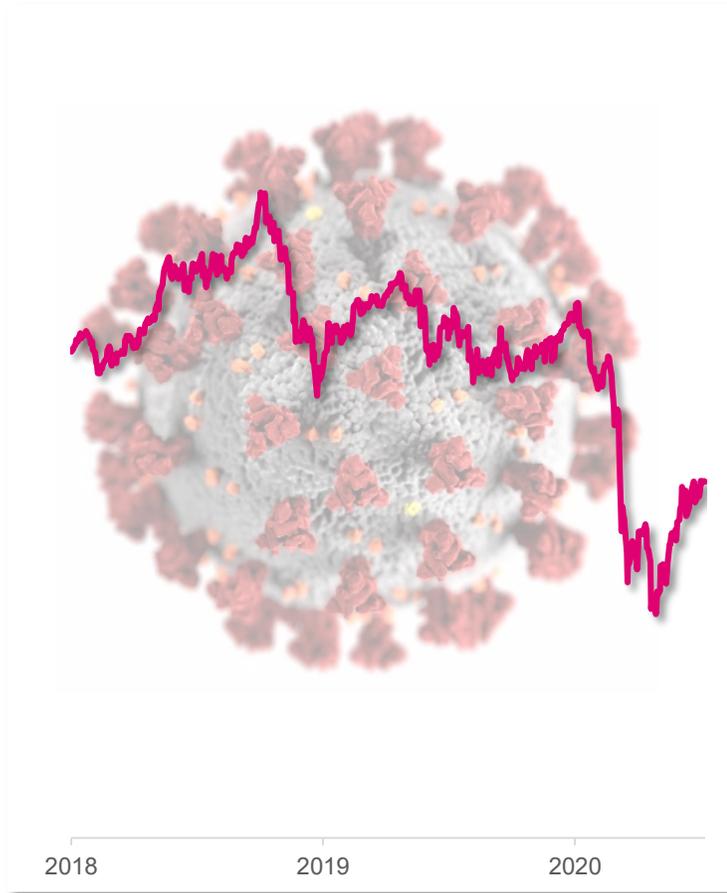
Dividend

USD million

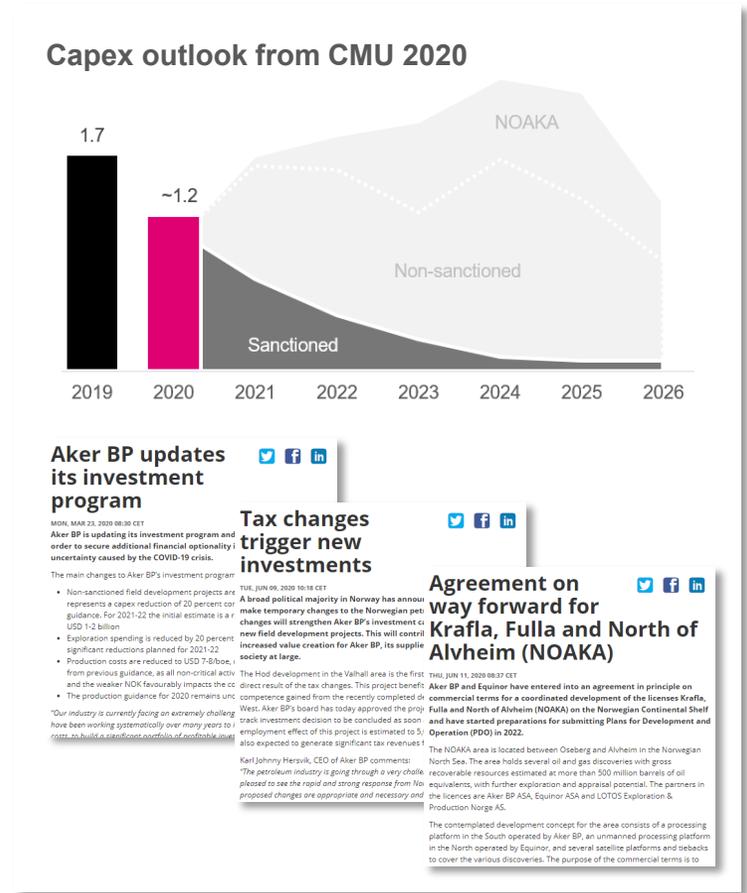


Q2-2020 | AKER BP Summary

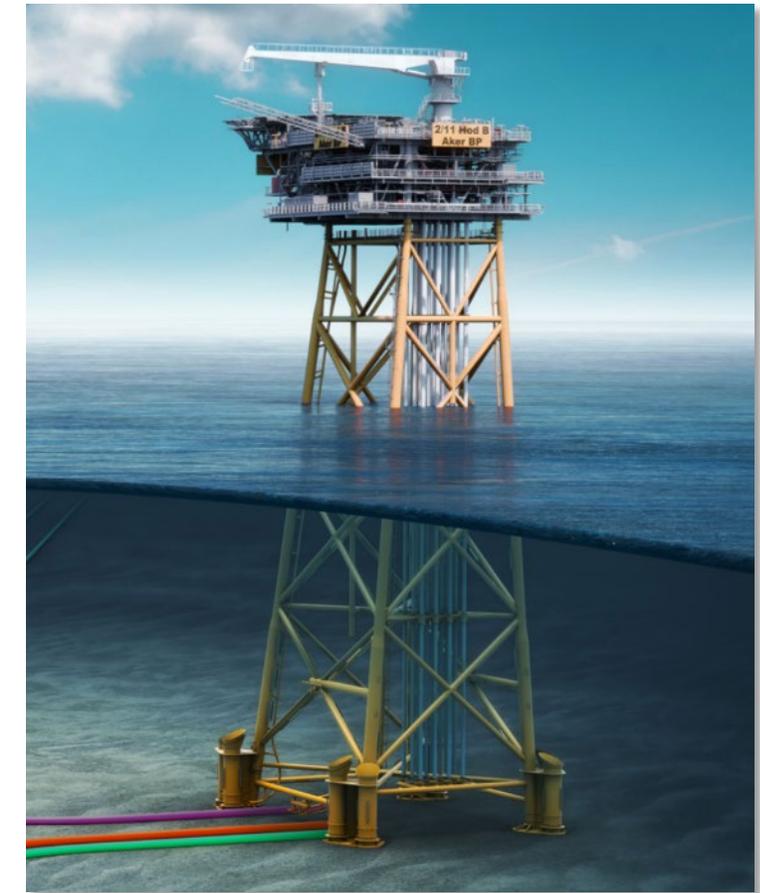
Challenging business environment
COVID-19 and oil price collapse



Responding quickly
Flexible portfolio and organisation



Seizing new opportunities
Supported by tax changes

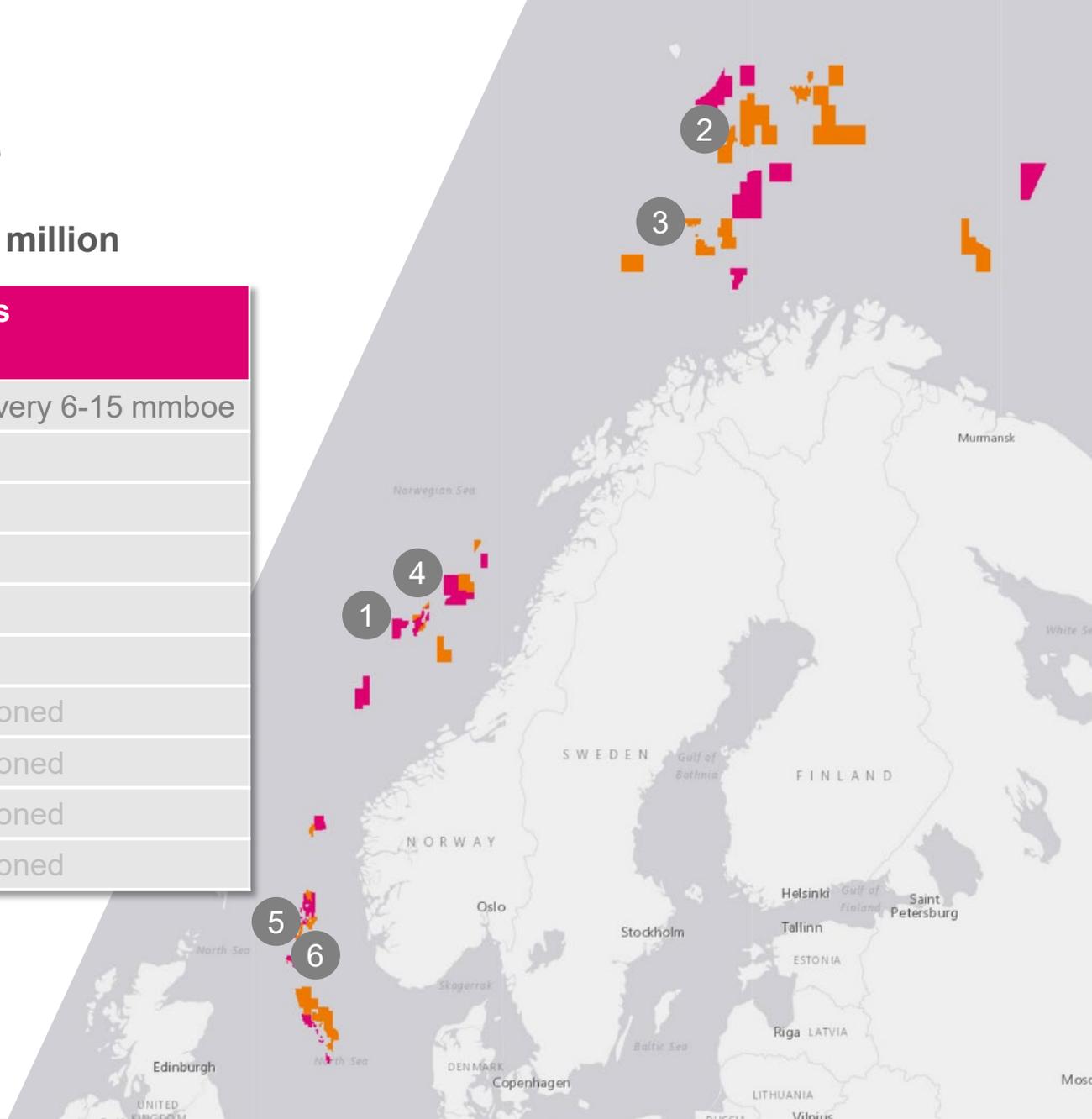


Appendix

Updated 2020 exploration programme

Four wells postponed – spend reduced to USD 350 (500) million

License	Prospect		Operator	Aker BP share	Pre-drill mmboe	Status
PL1008	Nidhogg	1	Aker BP	60 %	37 - 96	Discovery 6-15 mmboe
PL719	Sandia	2	Spirit	20 %	23 - 527	Dry
PL533	Bask	3	Lundin	35 %	14 - 585	
PL127C	Alve NE	4	Aker BP	88 %	8 - 25	
PL780	Sørvesten	5	Spirit	40 %	15 - 35	
PL981	Mercx Ty	6	Lundin	40 %	22 - 92	
PL858	Stangnestind		Aker BP	40 %	13 - 108	Postponed
PL722	Shenzhou		Equinor	20 %	191 - 505	Postponed
PL554	Garantiana W		Equinor	30 %	7 - 28	Postponed
PL442	Liatårnet app.		Aker BP	90 %		Postponed



Summary of temporary changes to petroleum taxation

	Elements	Ordinary tax system	Temporary tax system
Tax elements	Corporate tax	Tax rate: 22% 6 years straight line depreciation	Tax rate: 22% 6 years straight line depreciation
	Special tax	Special tax rate: 56% 6 years straight line depreciation	Tax rate: 56% Immediate deduction in year 1
	Uplift	20.8% uplift over 4 years (5.2% each year)	24% uplift deductible in year 1
	Interest deduction	Interest cost fully deductible against corporate tax (22%) and partly deductible against special tax (56%) based on remaining tax balances	No additional bases for interest deductions against special tax (56%) as investment is immediately deducted in year 1 for special tax
	Time limit		Applicable for all investments in 2020 and 2021
Other elements and time limits	PDO limit		In addition, applicable for all investments according to PDO/PIO under the following limitations; <ul style="list-style-type: none"> • PDO/PIO has to be delivered within 31.12.2022 • Application for exception of PDO/PIO delivered within 31.12.2022 • Application for major deviation from previously submitted and approved PDO/PIO delivered within 31.12.2022 • Application has to be approved by the Ministry of Petroleum and Energy after 12 May 2020 and within 31.12.2023 • Applicable for investments made up to and including year of production start for the development as defined in PDO/PIO
	Loss carry forward	Loss carry forward can be brought forward with an interest compensation (risk free interest) Refund of tax value for exploration costs if company in a tax loss position	Refund of tax value of all loss carry forward incurred in the period 2020-2021 – not only related to exploration costs Negative tax instalments is implemented

Guidance summary

	2020 guidance ¹⁾	2020-6M actual	Comments
Production	205-220 mboepd	209 mboepd	Net production excl. over/underlift
Capex	USD ~1.35 billion ²⁾ (previously USD ~1.2 billion)	USD 732 million	Excl. capitalized interest Incl. share of lease payments
Exploration spend	USD ~350 million	USD 112 million	Incl. share of lease payments
Abandonment spend	USD ~200 million	USD 39 million	Incl. share of lease payments
Production cost per boe	USD 7-8	USD 8.9	Per boe produced
Dividends	USD 425 million	USD 283 million	



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