

# Q4 2016

AKER BP ASA

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KARL JOHNNY HERSVIK, CEO  
ALEXANDER KRANE, CFO  
6 FEBRUARY 2017



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# AKER BP ASA

## Highlights

### Production

- Q4-16 production of 126.5 mboepd, +14% from Q3-16

### Finance

- Q4-16 EBITDA USD 485 million, EPS -0.20 (USD)
- Available liquidity of USD 2.5 billion

### Exploration

- Awarded 21 licenses (13 as operator) in APA 2016

### Development projects

- First oil at Ivar Aasen in December and Viper-Kobra in November



# Financials

Q4 2016



## FINANCIALS

# Statement of income

Income statement (USD mill)	Q4 2016	Q4 2015	FY 2016
Petroleum revenues	542	218	1,261
Other income	114	36	103
<b>Total income</b>	<b>656</b>	<b>255</b>	<b>1,364</b>
Production costs	121	24	227
Other operating expenses	5	3	22
<b>EBITDAX</b>	<b>529</b>	<b>227</b>	<b>1,115</b>
Exploration expenses	44	19	147
<b>EBITDA</b>	<b>485</b>	<b>208</b>	<b>968</b>
Depreciation	160	112	509
Impairment losses	45	192	71
<b>Operating profit/loss (EBIT)</b>	<b>281</b>	<b>(95)</b>	<b>387</b>
Net financial items	(71)	(56)	(97)
<b>Profit/loss before taxes</b>	<b>210</b>	<b>(151)</b>	<b>290</b>
Tax (+) / Tax income (-)	(277)	5	255
<b>Net profit/loss</b>	<b>(67)</b>	<b>(156)</b>	<b>35</b>
EPS (USD)	(0.20)	(0.77)	0.15

## FINANCIALS

# Statement of financial position

<b>Assets (USD mill)</b>	<b>31.12.16</b>	<b>31.12.15</b>
Goodwill	1,847	768
Other intangible assets	1,728	938
Property, plant and equipment	4,442	2,979
Receivables and other assets	722	287
Calculated tax receivables (short)	401	126
Cash and cash equivalents	115	91
<b>Total Assets</b>	<b>9,255</b>	<b>5,189</b>

<b>Equity and liabilities (USD mill)</b>	<b>31.12.16</b>	<b>31.12.15</b>
Equity	2,449	339
Other provisions for liabilities incl. P&A (long)	2,335	476
Deferred tax	1,046	1,356
Bonds	510	503
Bank debt	2,030	2,119
Other current liabilities incl. P&A (short)	792	395
Tax payable	93	0
<b>Total Assets</b>	<b>9,255</b>	<b>5,189</b>

## FINANCIALS

# Cash flow and liquidity

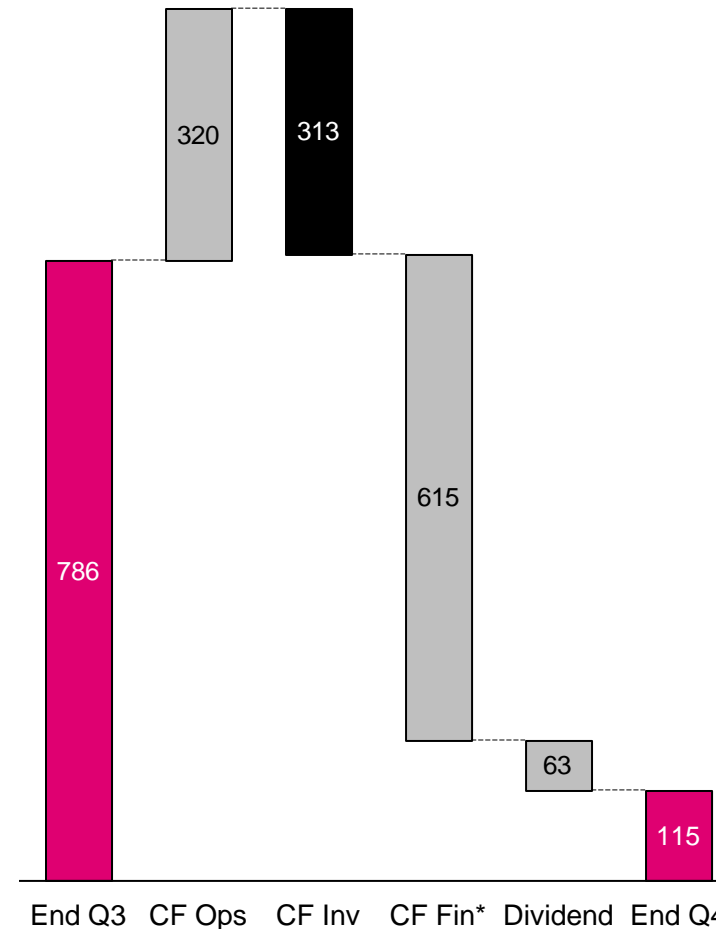
### Fourth quarter 2016

- Operating cash flow impacted by negative working capital movements in the quarter
- Dividend of USD 62.5 million paid out in December
- Net interest-bearing debt (book value) of USD 2.43 bn
- Cash and undrawn debt facilities of USD 2.5 bn

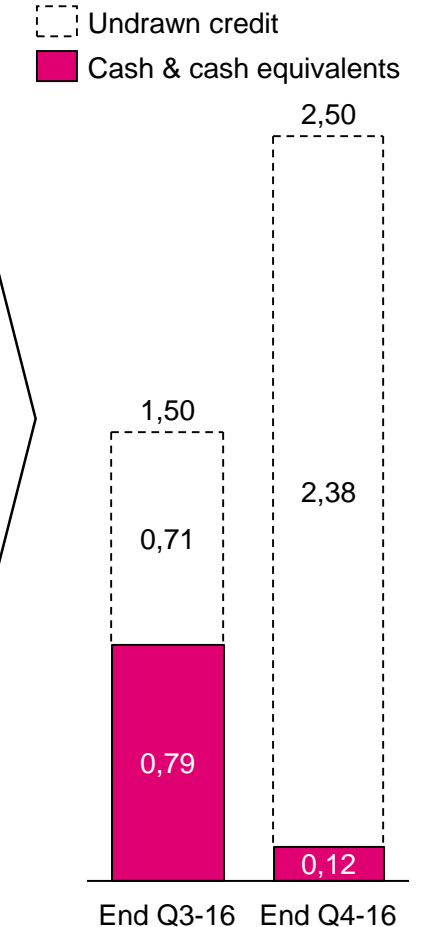
### Financing

- RBL borrowing base increased to USD 3.9 bn at end 2016
- Assessing Aker BP's capital structure going forward
- USD 62.5 million (USD 0.185 per share) to be paid out on or about February 17, 2017

### Cash flow (USDm)



### Liquidity (USDbn)



# GUIDANCE

## Guidance

Item	Guidance Aker BP ASA FY 2016 (Economic exposure)*	2016 actuals	Guidance Aker BP ASA FY 2017
CAPEX	USD 910 - 930 million	USD 878 million	USD 900 – 950 million
EXPEX	USD 240 – 260 million	USD 258 million	USD 280 – 300 million
Production	118 – 120 mboepd	118.2 mboepd	128 – 135 mboepd
Production cost	USD ~13 per boe	USD 12.4 per boe	USD ~11 per boe
Decommissioning cost	n/a	n/a	USD 100 – 110 million

**Note:** Guidance based on USD/NOK 8.5

\* Effective date of the merger with BP Norge AS was January 1, 2016. For accounting purposes, BP Norge AS was included in the financial accounts from September 30, 2016.



# Operations

Q4 2016

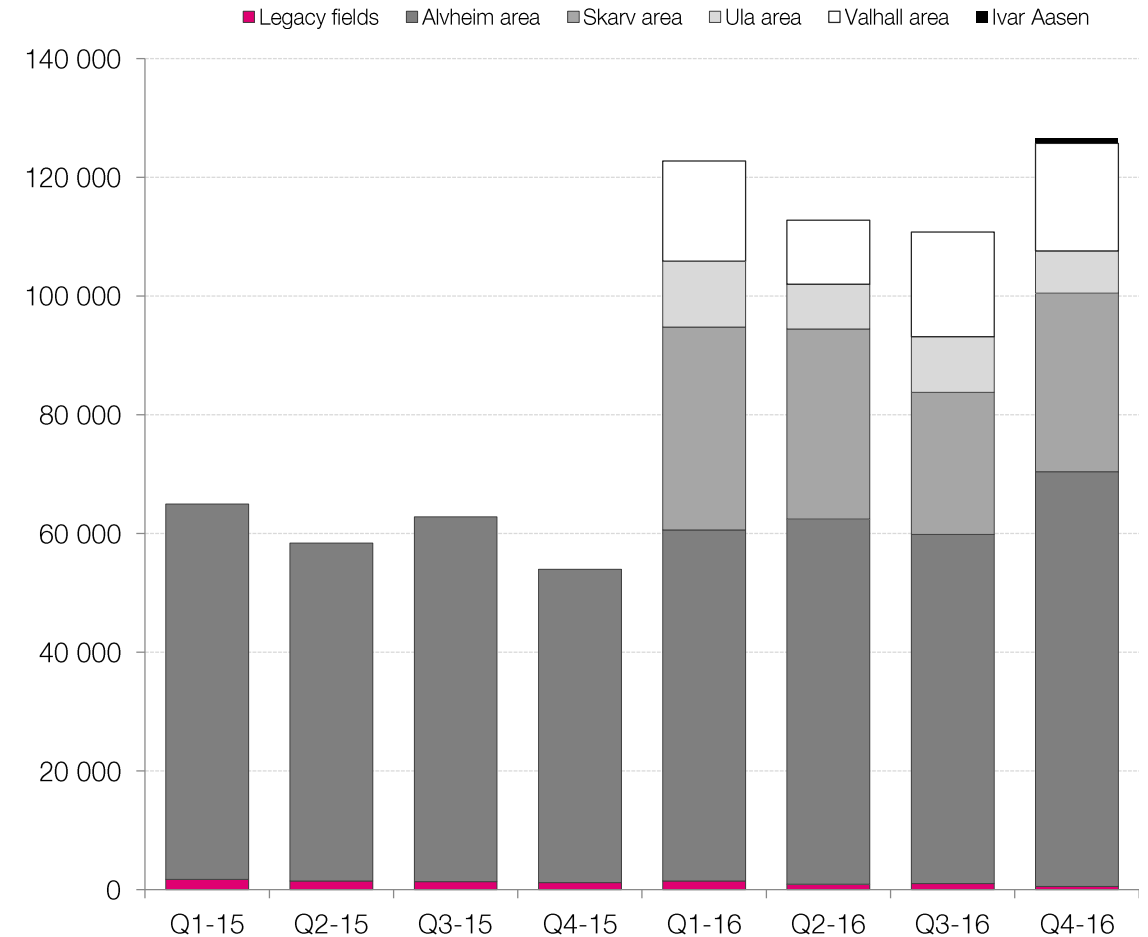


## PRODUCTION

# Oil and gas production

- **Q4 2016 production of 126.5 mboepd**
  - Start-up of Viper-Kobra in November
  - Start-up of Ivar Aasen in late December
  - Realized oil price of 52 USD/bbl, gas price of 0.19 USD/scm
- **Aker BP production of 118.2 mboepd during 2016**
  - 77.4 mboepd booked in the 2016 P&L statement as the merger with BP Norge was closed on September 30, 2016
- **2017 production guidance of 128 – 135 mboepd**

## Net production (boepd)

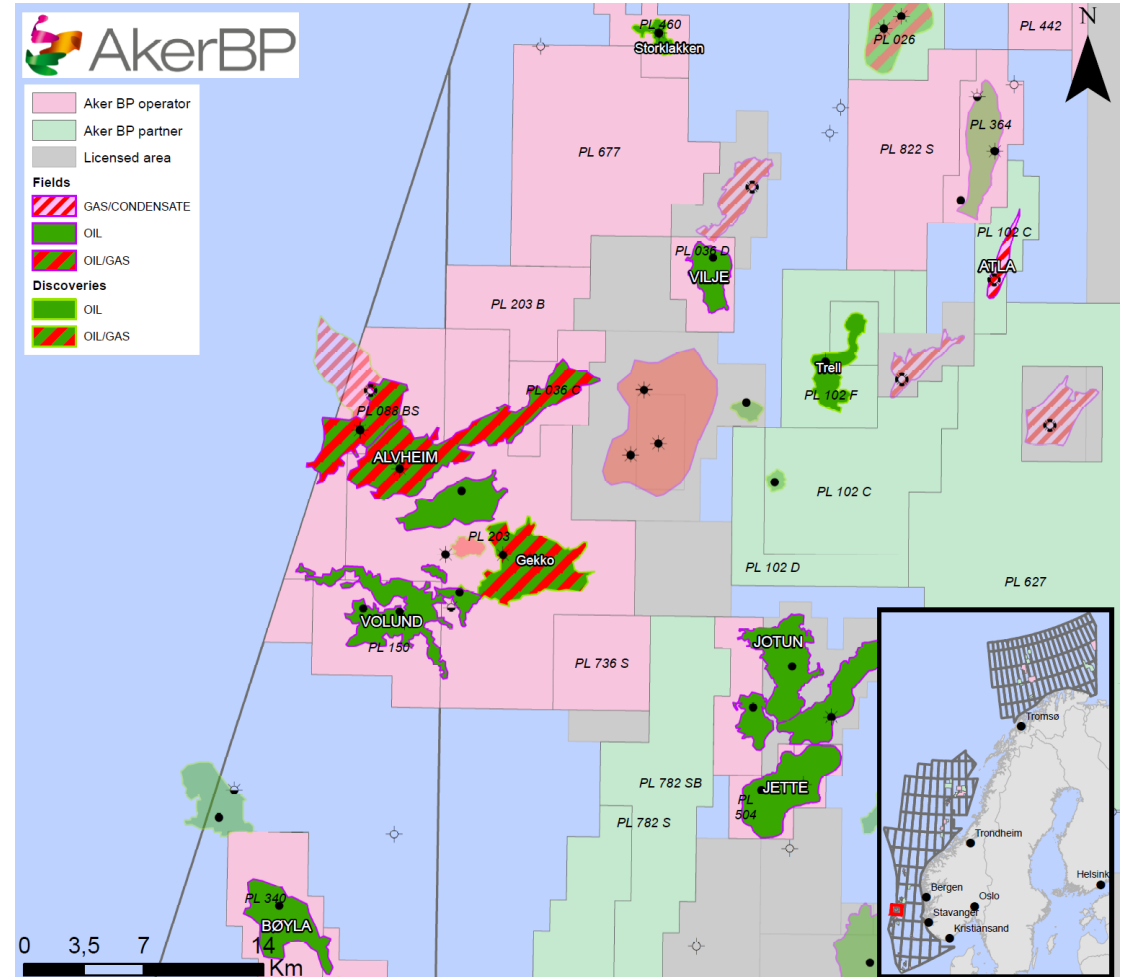


# Further developing the Alvheim area

## Key events

- **First oil from Viper-Kobra wells achieved in November**
  - The wells have been performing well since the start-up
- **Transocean Arctic commenced drilling in the Alvheim area in December 2016**
  - Currently drilling infill wells at Volund; one single-lateral and one tri-lateral well approved in license
  - Plan to drill one exploration well in Volund West area
  - Two Boa infill wells planned
  - Further maturing opportunities for the area
- **Targeting Storklakken concept selection (DG2) in Q2-2017 and PDO (DG3) towards the end of 2017**
  - Tie-back to Alvheim FPSO via Vilje
  - First oil planned for 2020

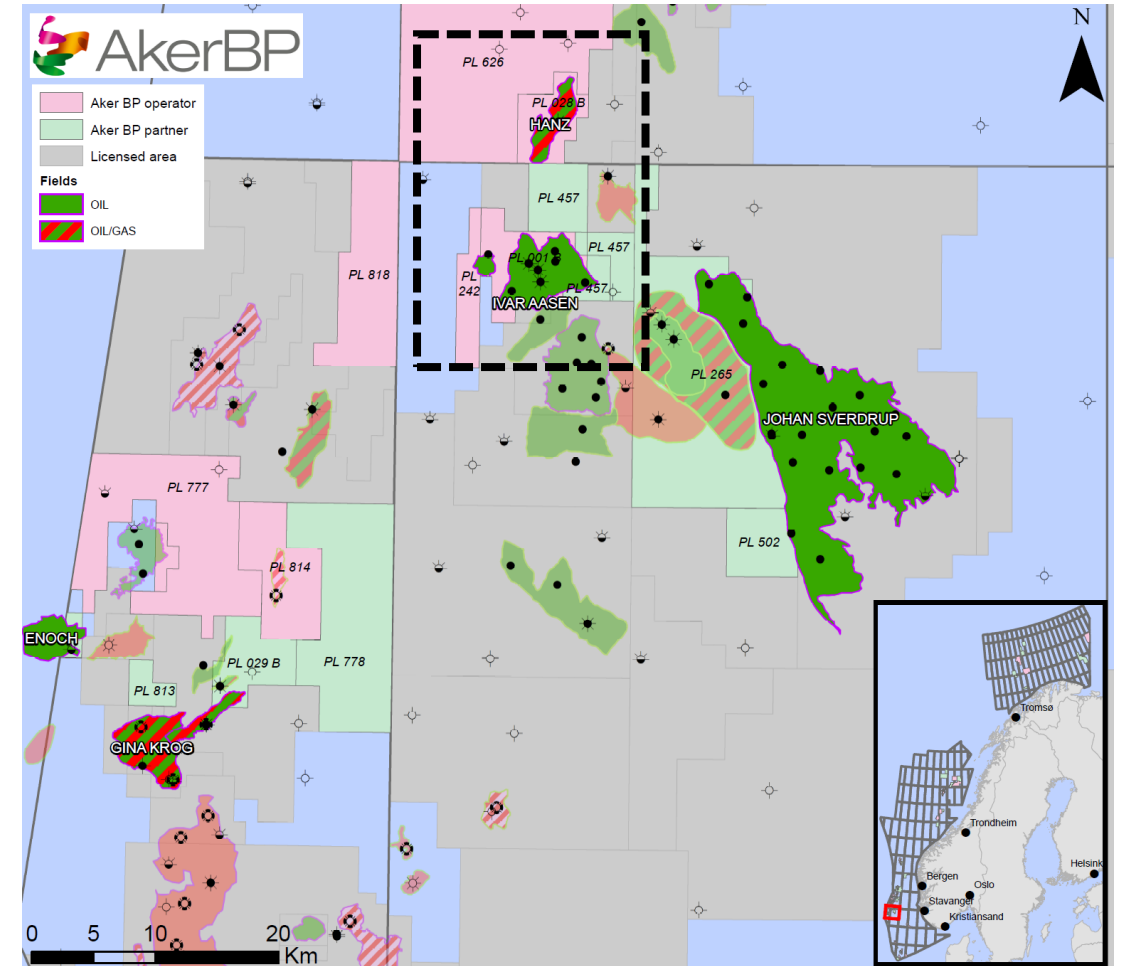
## New projects in the Alvheim area



# Ivar Aasen first oil delivered on plan and budget

## Key events

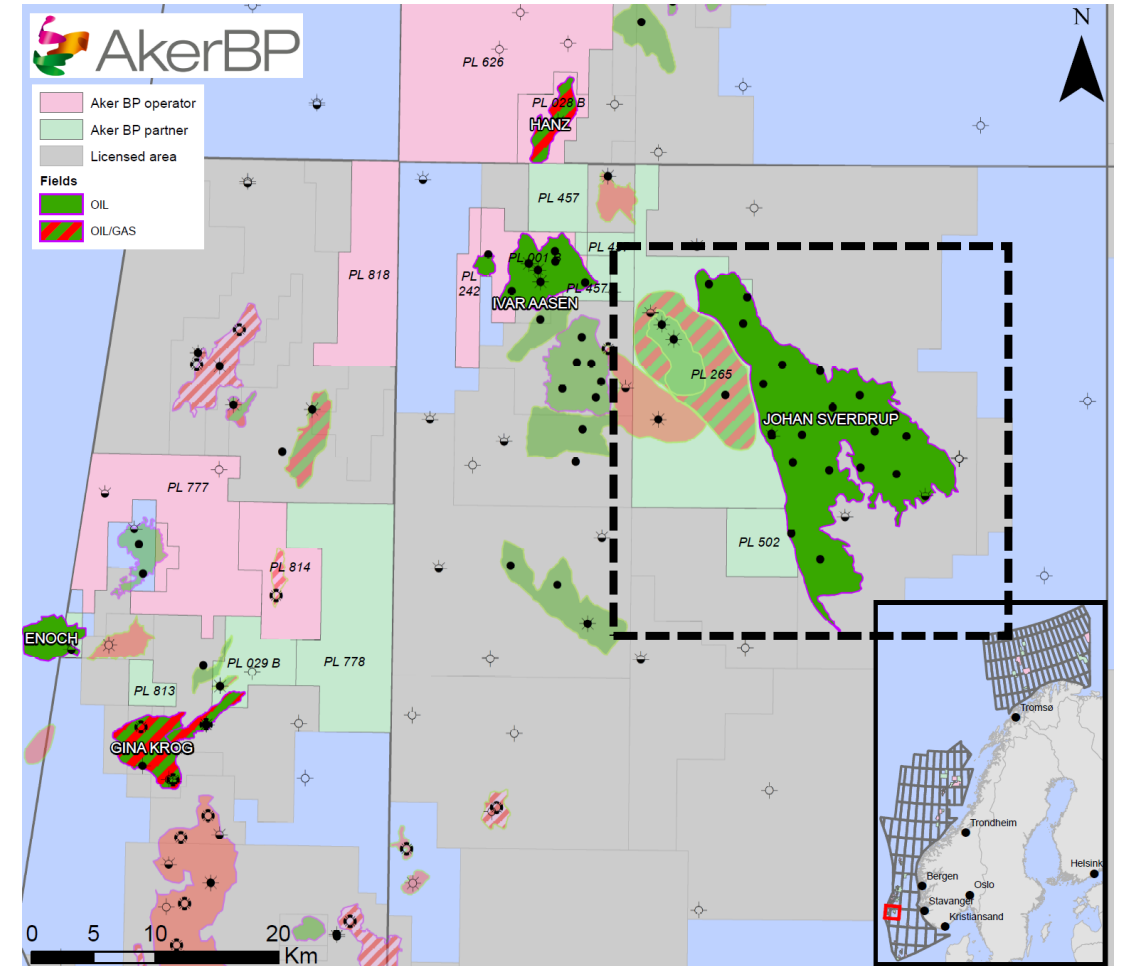
- **First oil from Ivar Aasen on December 24, 2016**
  - Successful start up with production according to agreed delivery commitment to Edvard Grieg
- **SURF scope completed in early October**
- **Maersk Interceptor returned to the field in November and act as accommodation unit until drilling of remaining production and water injector wells commence in March**
- **Safe Zephyrus was demobilized early February 2017**
- **Commissioning to be finished in April 2017, and remaining scope handed over to operations**



# Johan Sverdrup project progressing according to plan

## Key events

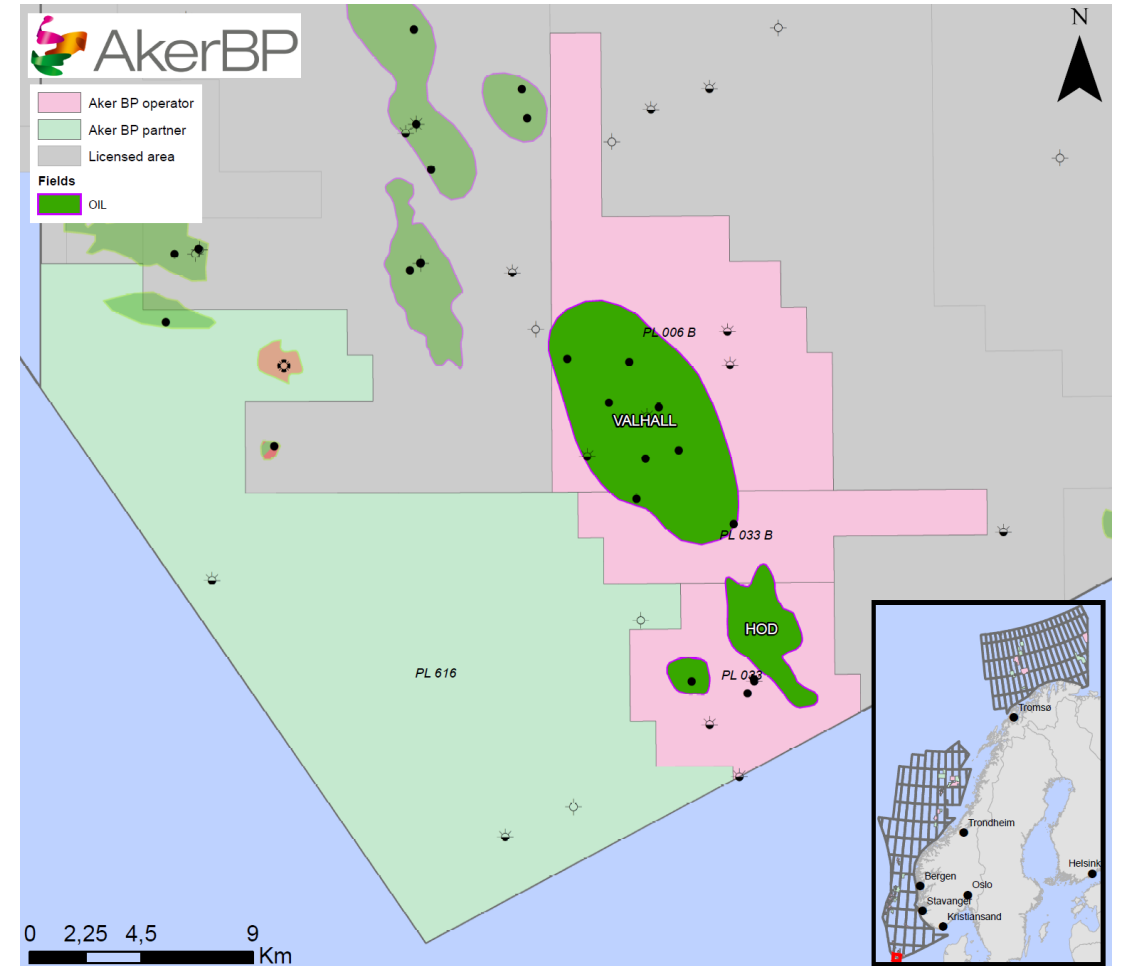
- **Project progressing according to plan:**
  - Most major contracts have been awarded
  - Hook-up and commissioning contracts for Phase 1 awarded Aibel and Aker Solutions
  - Platform construction ongoing on 22 engineering and construction sites globally
- **Efficient drilling operations ahead of schedule**
  - Pre-drilling of eight oil producers completed
  - Drilling of four pilot/appraisal wells ongoing
  - Pre-drilling of nine water injector wells planned to commence in February
- **Concept selection for Phase 2 is planned in first half 2017, with aim to deliver PDO in second half of 2018**



# Preparations to commence drilling

## Key events

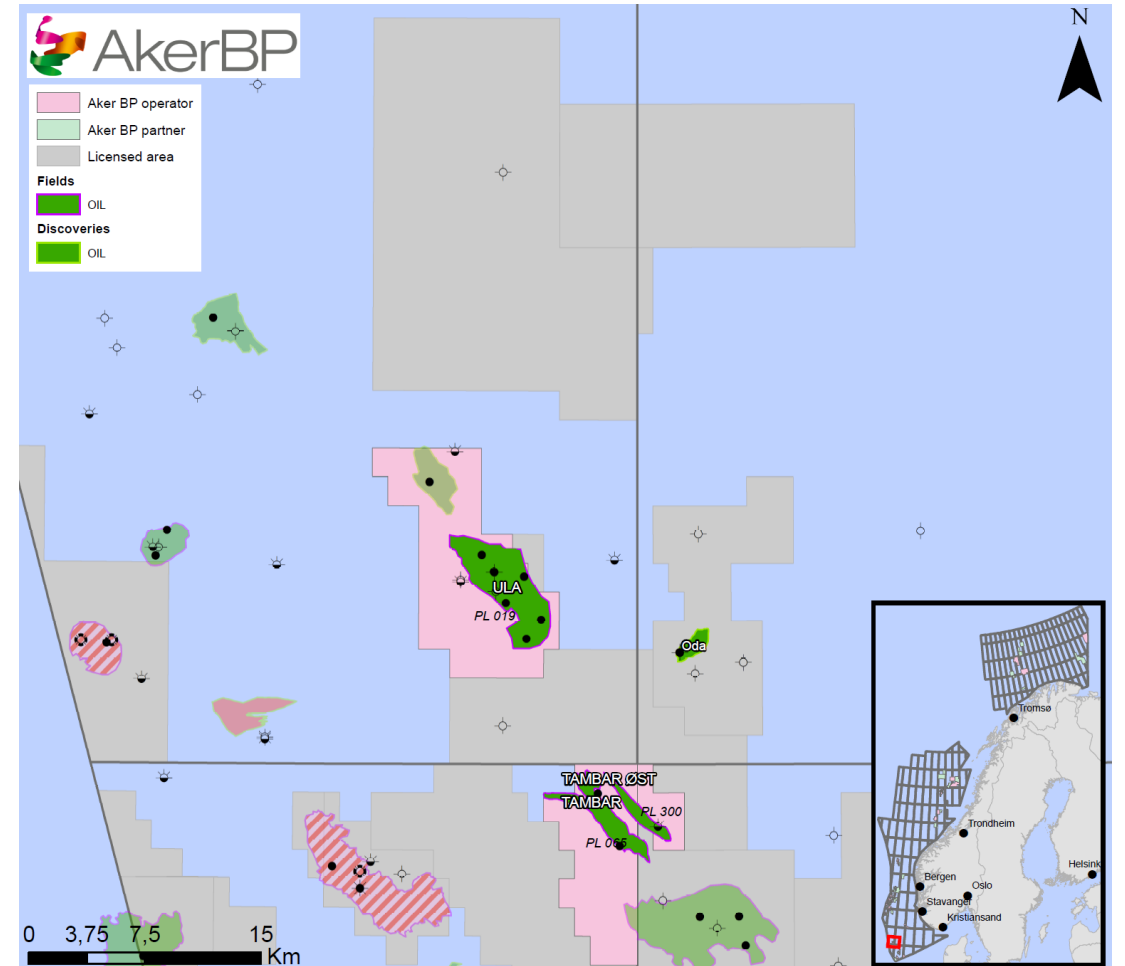
- **Delivered increased production in Q4-16 compared with previous quarter**
  - Mainly due to higher performance from cyclical wells
- **Work ongoing to prepare for commencement of IP Platform drilling program in Q1-17**
  - 7 wells campaign of which three is planned in 2017
- **Valhall Flank West project progress towards a concept selection in Q1-17**
  - Planned as unmanned wellhead platform with 12 well slots, tied back to Valhall field center
  - PDO planned for late 2017
  - First oil expected in 2022



# Work to increase recovery

## Key events

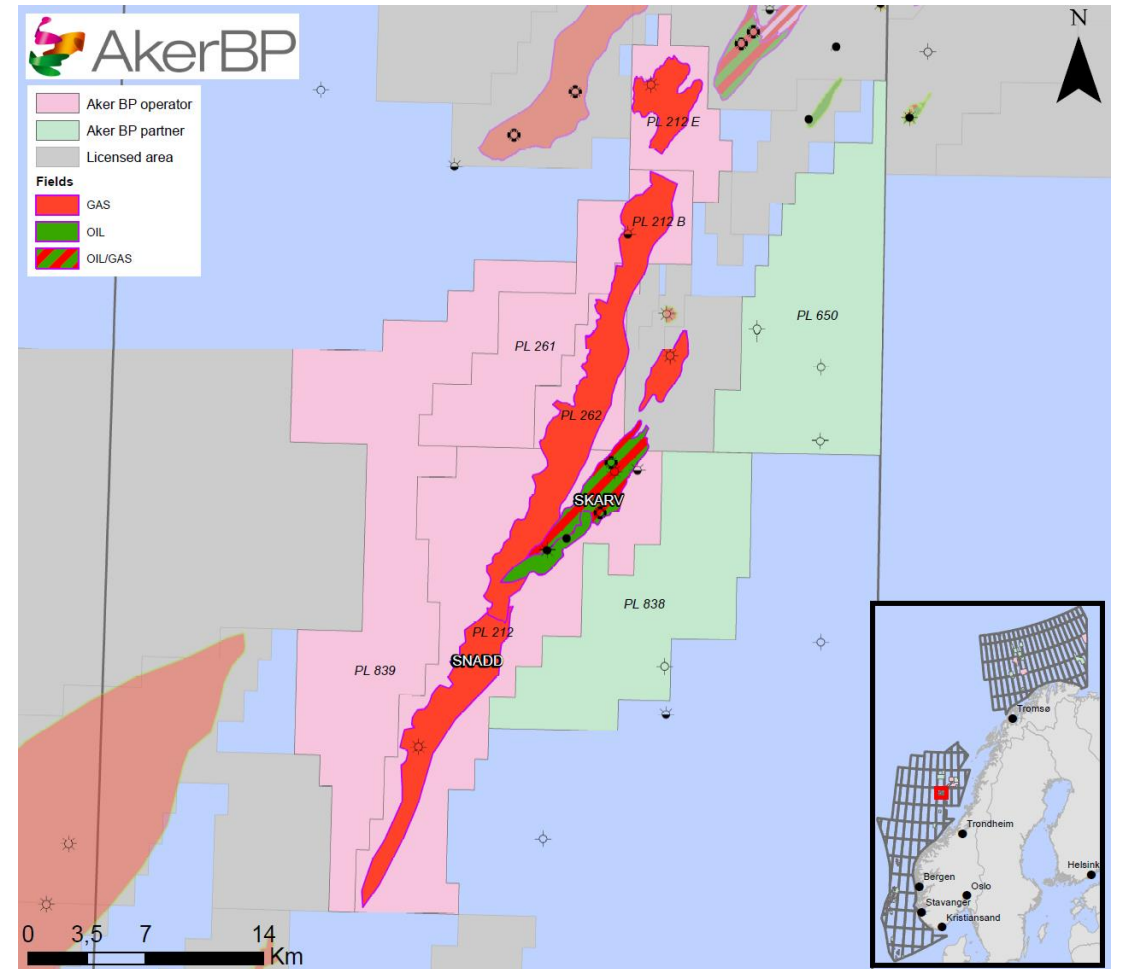
- Production lower in Q4-16 compared with previous quarter due to delayed restoring of water alternating gas (WAG) injection capacity
- Maturing Tambar infill targets and execution of Tambar gas lift project
- Gas from Oda to increase WAG injection and thus Ula production
  - Oda planned as a tie-in to Ula
  - PDO was submitted to the Ministry for Petroleum and Energy in November 2016
  - Gas from Oda will be used for WAG injection to increased recovery from Ula
  - First gas from Oda planned for second half of 2019



# Maturing Snadd towards PDO

## Key events

- **Idun and Skarv A low pressure production project completed during Q4-16**
  - Support slower decline in production profiles
- **Snadd project progressing as planned**
  - Targeting concept selection in Q1-17
  - Evaluating a phased development, with phase 1 comprising three subsea wells tied back to Skarv FPSO
  - PDO planned in Q4-17
  - First gas scheduled for 2020

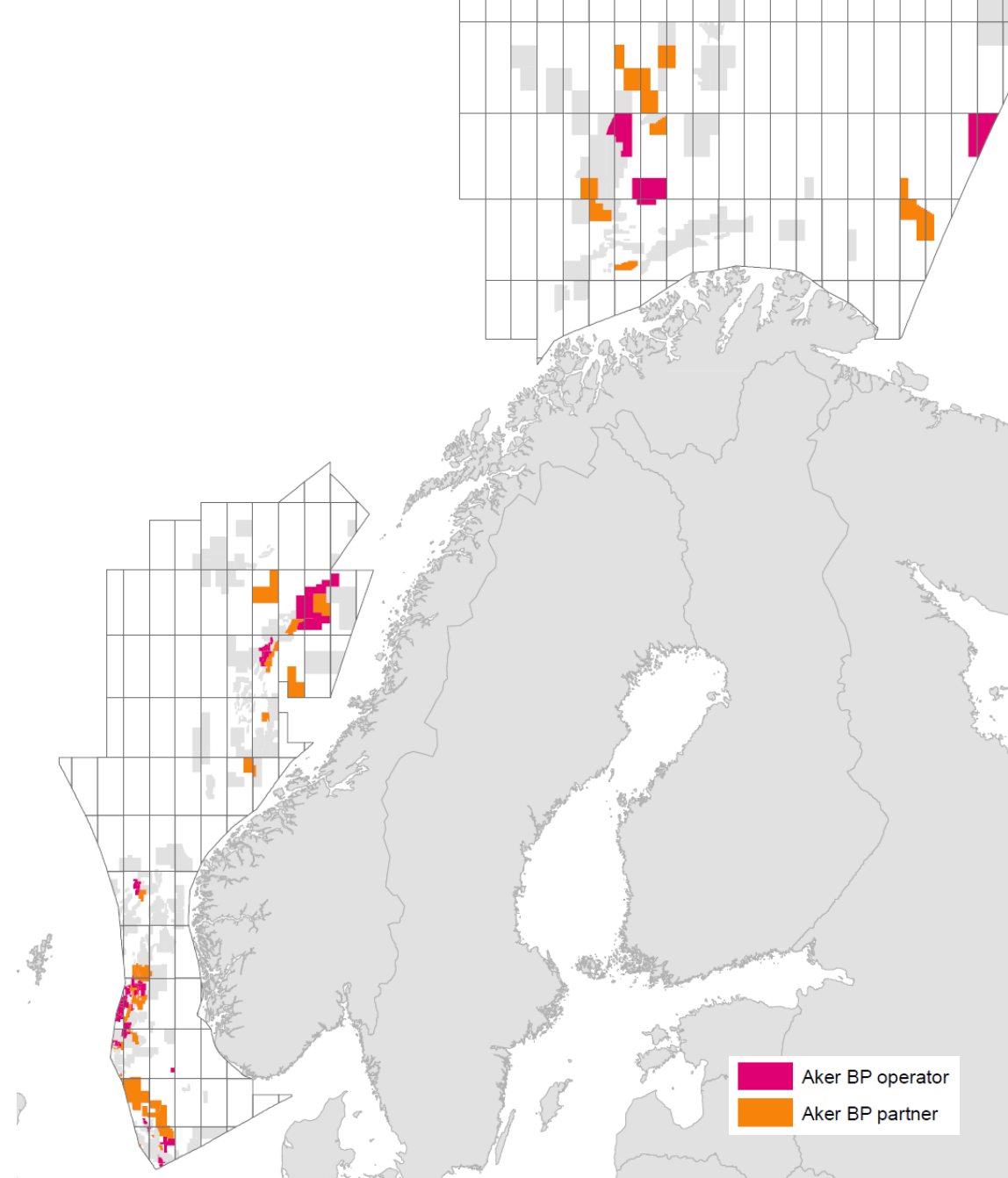




## EXPLORATION

# High exploration activity in 2016

- 2016 drilling campaign proved 83 mmboe (net)
- 2016 finding cost of ~0.7 USD/boe after tax
- **Drilling on the Langfjellet prospect completed in Q4-16**
  - Main well encountered oil column of 109 meters
  - Preliminary estimates 24 – 74 mmboe
  - Plan to drill additional wells in area to explore potential upsides
- **Drilling operations at Filicudi in the Barents Sea ongoing**
  - Sidetrack commenced January 22, 2017



## EXPLORATION

# Exploration activities 2017

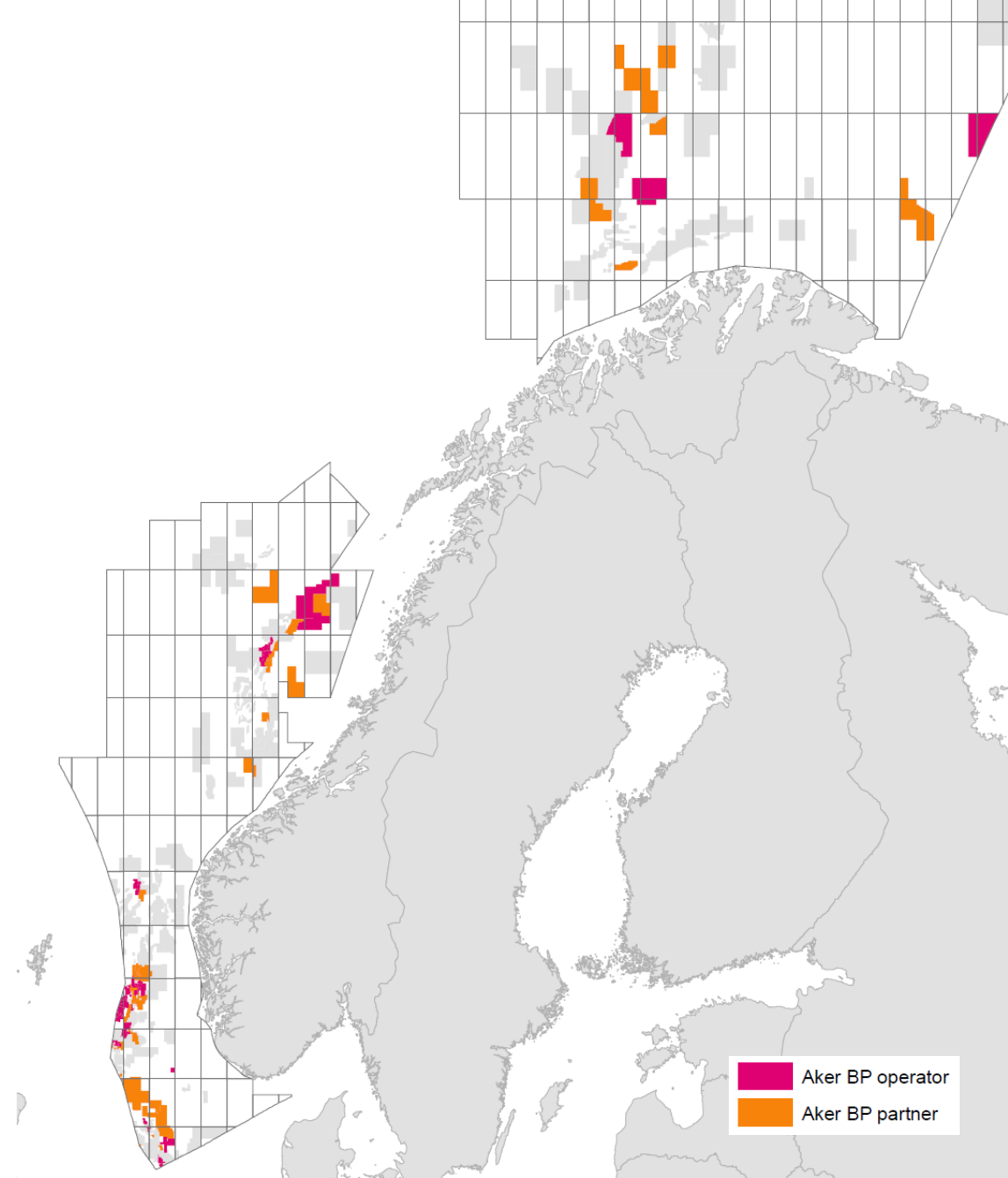
### ■ Seven exploration wells planned for 2017 (Four operated)

- Tonjer well completed

### ■ Seismic activity in 2017

- Tendering for 4D seismic on existing operated assets
- Reprocessing of seismic for North of Alvheim area

License	Prospect name	Operator	Aker BP share	Pre-drill mboe*	Time
PL150B	Volund West	Aker BP	65%	5 - 22	Q2
PL677	Hyrokkin	Aker BP	60%	6 - 55	Q3
PL442	NOA	Aker BP	90%	Not defined	Q3
PL442	NOA	Aker BP	90%	Not defined	Q4
PL492	Gohta (NE)	Lundin	60%	Appraisal	Q1
JS Unit	Tonjer	Statoil	11,6%	26 - 114	Q1
PL048G	Central 3	Statoil	3,3%	8 - 21	Q3



## EXPLORATION

# Offered 21 new licenses in 2016 APA awards

### ■ Awarded 21 licenses in the 2016 APA award

- Operator for 13 licenses

### ■ 1 license in the Barents Sea

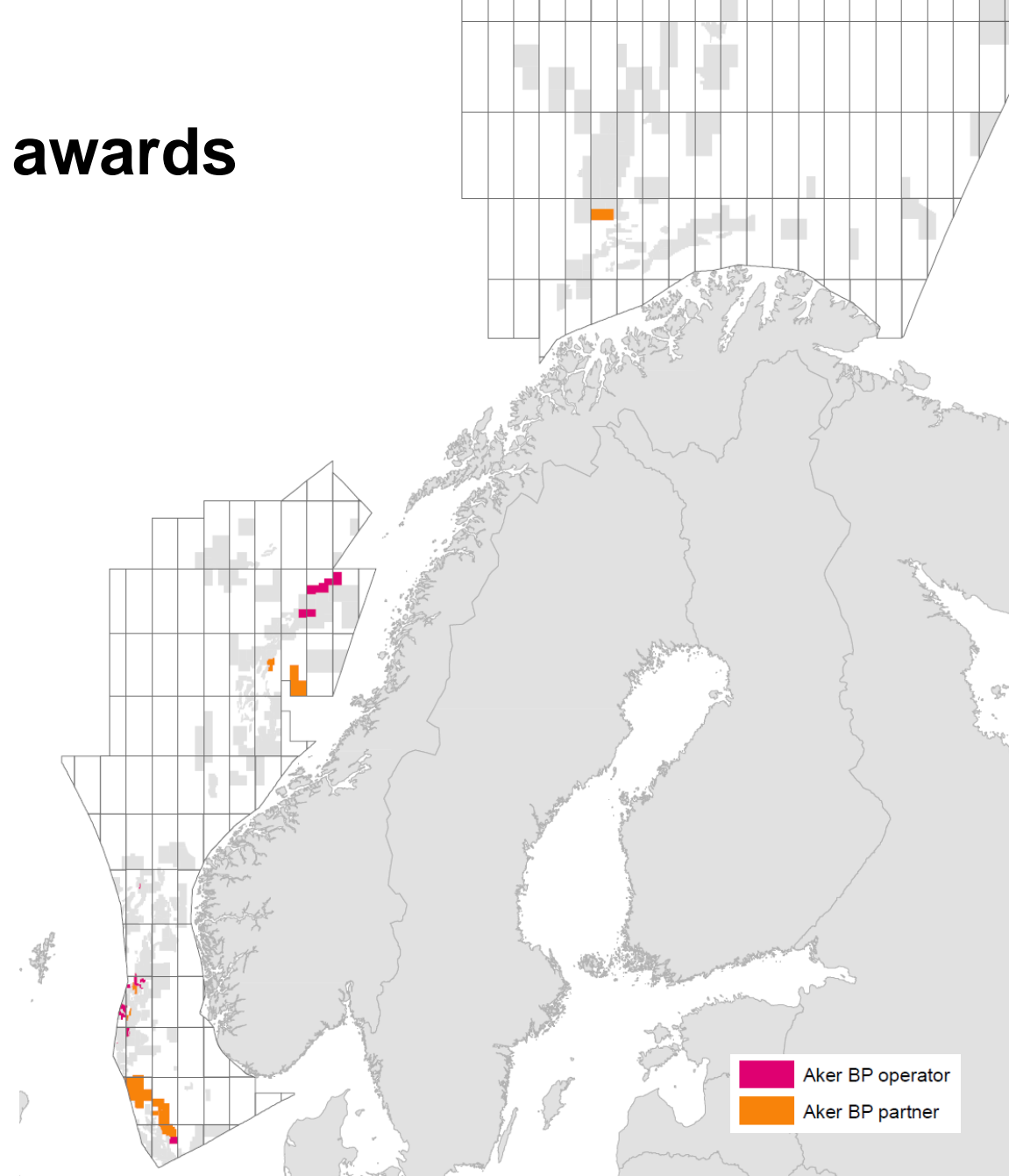
- Strengthening position along the southern flank of the Loppa High

### ■ 4 licenses in the Norwegian Sea

- Strengthening position around Skarv area and well positioned along the Nordland Ridge
- One license in frontier area with standalone potential

### ■ 16 licenses in the North Sea

- Strengthening position in core area with possible ILX targets
- Partner in frontier area at Jæren High, southern North Sea



# Summary and outlook

## ■ Operations

- Infill drilling in the Alvheim area
- Start-up of IP drilling campaign at Valhall
- Completion of drilling operations at Filicudi
- Concept selection for Snadd and Valhall Westflank

## ■ Financing

- Proposed dividend of USD 62.5 million (USD 0.185 per share) to be paid out in February
- Assessment of capital structure in Aker BP going forward

## ■ Business development

- The company to pursue further growth opportunities going forward both to enhance production and increase dividend capacity, while maintaining the highest HSE standards





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