S&P Global
Ratings

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Aker BP ASA

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This report does not constitute a rating action.

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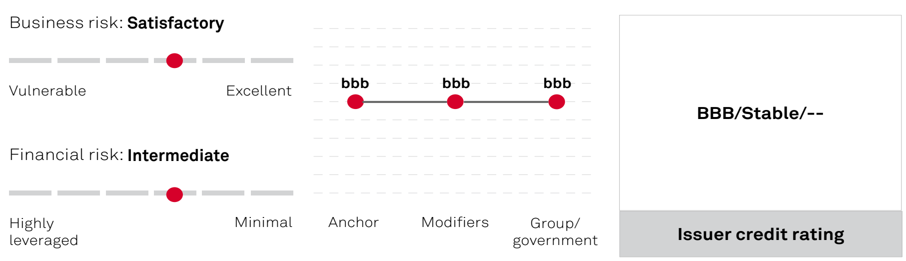
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Benefits from consistently one of the lowest offshore production costs globally at $7 per barrel (/bbl)-$8/bbl.	Exposure to the volatile, capital-intensive oil and gas industry requires constant reserve replacement investments.
Strong growth prospects of projects like Yggdrasil that face relatively low execution risks.	100% concentration in Norway, even if it is a low-risk country.
Solid underlying cash flow generation capacity given low production costs and a supportive fiscal regime.	No diversification outside the upstream industry, unlike integrated peers.

Aker BP ASA sustained strong momentum in third-quarter 2025, balancing stable production and efficient operations in a volatile energy market. The company maintained high production efficiency at 96% (up from 95% in the second quarter), with an average output of 414,000 barrels of oil equivalent per day (boepd), 56% of which came from the Johan Sverdrup field.

We expect that production will sustain at 410,000 boepd-425,000 boepd through 2025, potentially gradually expanding toward 500,000 boepd by 2028. Developments such as the

Yggdrasil project, which represents net reserves of about 450 million barrels of oil equivalent (boe), will drive the output.

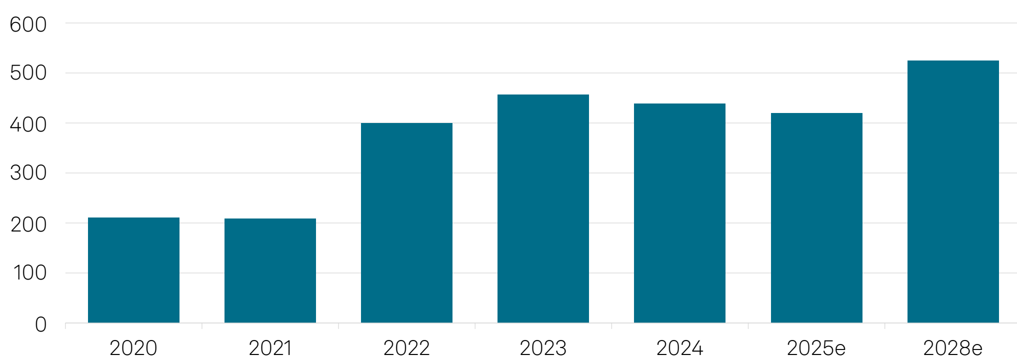
The company benefits from production costs as low as $7/bbl-$8/bbl, primarily thanks to the Johan Sverdrup field, which provides a key competitive advantage. Realized prices were favorable in third-quarter 2025, with liquids costing $70.30/bbl and natural gas $63.30/boe, compared with our price assumption of $60/bbl for Brent for the rest of 2025.

These factors contributed to reported EBITDA of $2.3 billion, while cash flow from operations (CFO) rose to $2 billion in the third quarter (versus EBITDA of $2.6 billion and CFO of $2.8 billion a year earlier, when oil prices were about $10 higher per barrel). We expect S&P Global Ratings-adjusted EBITDA will remain at $8.5 billion-$9.5 billion over 2025-2026 as we estimate oil prices at $65/bbl. This compares with EBITDA of about $11 billion in 2024, when the realized price of liquids was $80/bbl on average.

Chart 1

We expect Aker BP's production capacity will expand further

Capacity (mboepd)



mboepd--Thousand barrels of oil equivalent per day. e--Estimate. Source: S&P Global Ratings and company reports.

We expect capital expenditure (capex) will result in free operating cash flow (FOCF) deficit in 2025. The company plans to collectively invest $19 billion-$20 billion over 2024-2028 in current producing fields and new greenfield projects in Norway. This translates into annual capex of $6.5 billion in 2025, up from $4.8 billion in 2024 and significantly higher than the $1.8 billion spent in 2022.

For 2026, we currently anticipate capex will moderate to $5.5 billion as investments have already peaked. The most prominent investments are Yggdrasil and Valhall; we expect these, along with other smaller projects, will increase the company's production to over 500,000 boepd by 2028.

However, due to the elevated capex, we expect the company will record negative FOCF in 2025 and only modestly positive cash flow at $300 million-$350 million in 2026. We view this generation as insufficient to fully fund shareholder distributions. As a result, Aker BP is likely to report negative discretionary cash flow in both 2025 and 2026.

In our view, Aker BP's credit metrics will remain solid in 2025-2026, broadly aligned with its 'BBB' rating, albeit with reduced rating leeway. At the end of 2024, the company reported a strong funds from operations (FFO)-to-debt ratio of over 100%, providing meaningful headroom against commodity price volatility.

However, given scaled-down assumptions of oil and gas prices and elevated capital spending, we now forecast a decline in FFO to debt to 60%-65% in 2025-2026, close to S&P Global Ratings' downside trigger of 60% under normal conditions or 50% under a downturn, when oil prices average $55/bbl.

Under our updated base case, we incorporate dividends of $1.5 billion-$2.0 billion per year over 2025-2026 ($1.5 billion in 2024), in line with the financial policy.

Outlook

The stable outlook reflects our expectation that Aker BP will maintain strong credit metrics in 2025-2026, with FFO to debt above 60%. We think the company will continue to generate meaningful FOCF going forward and its dividends will reflect market conditions.

Downside scenario

We could lower the rating if the company prioritizes heavy investment and shareholder remuneration even in case of a significant drop in prices, resulting in FFO to debt falling below 60% in current market conditions or below 50% in a downturn. A meaningful revision of Norway's very supportive tax regime could also result in rating downside, but we assess the likelihood as low given political consensus around the future of the industry in Norway.

Upside scenario

The likelihood of an upgrade is remote, given higher-rated peers generally have much larger scale and diversity. Aker BP plans meaningful investments that could allow an increase in production to 500,000 boepd. 'BBB+' rated companies typically not only have larger production, but also exposure to several countries and other business lines, such as refining, chemicals, retail, or renewables.

Therefore, a higher rating could be achieved only if Aker BP manages business growth and maintains a very conservative balance sheet at the same time, with a clear commitment to sustain strong metrics, such as FFO to debt of more than 60%.

Our Base-Case Scenario

Assumptions

- Oil prices at $60/bbl for the rest of 2025 and 2026, and $65/bbl for subsequent years, according to our latest assumptions.
- Production declining to about 420,000 boepd in 2025 and about 407,000 boepd in 2026, reflecting a natural decline in the Johan Sverdrup field. Output improving incrementally to 500,000 boepd by 2028 as Yggdrasil reaches first oil.
- Production costs of $7/bbl-$8/bbl in 2025-2026.
- Capex of $4.5 billion-$5.5 billion in 2025-2026, as the company progresses with new offshore projects, including the development of Yggdrasil.

- Tax payments, set according to the Norwegian tax regime. This also implies that capex and the associated tax deduction of approximately 78% will markedly affect future tax payments because capex is relatively high.
- Dividends of $1.5 billion-$2.0 billion in 2025-2026. We anticipate the company will increase this amount by 5% each year thereafter as per its dividend policy.

Key metrics

Aker BP ASA--Forecast summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2025	Dec-31-2026
(Mil. $)	**2020a**	**2021a**	**2022a**	**2023a**	**2025e**	**2026f**
Revenue	2,981	5,674	13,019	13,670	10,280	10,334
EBITDA (reported)	2,128	4,541	11,782	12,286	8,695	8,665
Plus/(less): Other	176	358	251	267	267	328
EBITDA	2,304	4,900	12,033	12,552	8,962	8,993
Less: Cash interest paid	(184)	(151)	(156)	(379)	(598)	(597)
Less: Cash taxes paid	181	(223)	(5,332)	(7,455)	(3,762)	(2,531)
Plus/(less): Other	(174)	(353)	(242)	(266)	(266)	(327)
Funds from operations (FFO)	2,126	4,172	6,303	4,452	4,336	5,539
Capital expenditure (capex)	1,405	1,554	1,832	3,283	5,449	5,249
Free operating cash flow (FOCF)	452	2,577	3,741	1,745	(1,085)	302
Dividends	425	488	1,006	1,390	1,593	1,672
Share repurchases (reported)	0	9	--	11	--	--
Discretionary cash flow (DCF)	27	2,081	2,735	344	(2,678)	(1,371)
Debt (reported)	3,969	3,577	5,279	5,798	7,337	8,618
Plus: Lease liabilities debt	216	136	134	704	709	745
Less: Accessible cash and liquid Investments	(538)	(1,971)	(2,756)	(3,367)	(1,247)	(1,000)
Plus/(less): Other	617	607	916	1,002	941	941
Debt	4,264	2,349	3,574	4,138	7,741	9,304
Adjusted ratios						
Debt/EBITDA (x)	1.9	0.5	0.3	0.3	0.9	1.0
FFO/debt (%)	49.9	177.6	176.3	107.6	56.0	59.5
CFO/debt (%)	43.6	175.9	155.9	121.5	56.4	59.7
FOCF/debt (%)	10.6	109.7	104.7	42.2	(14.0)	3.2
DCF/debt (%)	0.6	88.6	76.5	8.3	(34.6)	(14.7)
Annual revenue growth (%)	(11.4)	90.3	129.4	5.0	(17.0)	0.5
EBITDA margin (%)	77.3	86.3	92.4	91.8	87.2	87.0
Return on capital (%)	15.9	65.5	97.0	61.6	36.4	32.6

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast.

Company Description

Aker BP is a midsize oil and gas exploration and production company operating in the North Sea. However, with production of 410,000 boepd-425,000 boepd projected in 2025, it is one of the most important players on the Norwegian continental shelf. Aker BP is primarily owned by the Norwegian Aker Group (21.16%), BP PLC (15.87%), and Lundin family through Nemesia (14.38%), with the remaining shares held by other shareholders. The company is listed on the Oslo Stock Exchange and had a market capitalization of about Norwegian krone 162.5 billion (about $16.3 billion) as of Nov. 20, 2025.

Peer Comparison

Aker BP ASA--Peer Comparisons

	Aker BP ASA	Equinor ASA	Var Energi ASA
Foreign currency issuer credit rating	BBB/Stable/--	AA-/Stable/A-1+	BBB/Stable/--
Local currency issuer credit rating	BBB/Stable/--	AA-/Stable/A-1+	BBB/Stable/--
Period	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31
Mil.	$	$	$
Revenue	12,379	103,725	7,372
EBITDA	11,410	42,395	5,705
Funds from operations (FFO)	5,839	19,136	2,408
Interest	530	2,402	487
Cash interest paid	517	1,553	702
Operating cash flow (OCF)	5,906	19,448	2,706
Capital expenditure	4,862	11,515	2,516
Free operating cash flow (FOCF)	1,044	7,933	190
Discretionary cash flow (DCF)	(473)	(6,658)	(906)
Cash and short-term investments	4,126	21,238	267
Gross available cash	4,126	20,872	267
Debt	4,892	13,652	6,185
Equity	12,691	42,380	433
EBITDA margin (%)	92.2	40.9	77.4
Return on capital (%)	49.4	62.9	63.6
EBITDA interest coverage (x)	21.5	17.6	11.7
FFO cash interest coverage (x)	12.3	13.3	4.4
Debt/EBITDA (x)	0.4	0.3	1.1
FFO/debt (%)	119.4	140.2	38.9
OCF/debt (%)	120.7	142.5	43.8
FOCF/debt (%)	21.3	58.1	3.1
DCF/debt (%)	(9.7)	(48.8)	(14.6)

Business Risk

The company has access to high-quality oil and gas reserves on the Norwegian continental shelf, demonstrating a strong track record of launching and operating largescale projects. Since its acquisition of Lundin, Aker BP has doubled its proven reserve size, which stood at 1.07 billion boe as of Dec. 31, 2024. Considering the company's production of 414,000 boepd as of Sept. 30, 2025, the reserve life is about 9-10 years, in line with similarly sized players.

The company has a portfolio of growth projects, including the very large $11 billion Yggdrasil (formerly NOAKA). This should increase production to more than 500,000 boepd by 2028.

With an average production cost of $7/bbl-$8/bbl, thanks to its Johan Sverdrup field, Aker BP is one of lowest-cost producers among rated oil and gas companies globally. This translates into full breakeven costs of $35/boe-$40/boe, supporting cash flow generation even in a low-price environment. Given that over 50% of its production (239,000 boepd of the total 439,000 boepd in 2024) stems from its 32% equity share in Johan Sverdrup (operated by Equinor, AA-/Stable), the continued high performance of this asset is key to the company's overall operational success.

This is the largest-ever field in Norway, with record production from a field on the Norwegian continental shelf in a single year in 2024. Johan Sverdrup also has some of the lowest carbon dioxide emissions of any oil field in the world, 80%-90% lower than the global average, thanks to electrification with power from shore. This efficiency results in operating production costs of about $2/bbl, lower than any other large offshore project globally.

We note Aker BP's exposure to volatility in prices is also less than that of global peers because of the natural hedge the fiscal regime in Norway provides. This allows companies to deduct 78% of their capex and exploration expense from their taxable income immediately during the year of spending, and makes firms in Norway more open to continue investing in all parts of the cycle given both upside and downside from hydrocarbon prices is balanced by the tax system.

Aker BP's strengths are somewhat offset by its significant geographical and upstream concentration. We view Aker BP's scale and diversification as weaker than that of most peers rated 'BBB' or higher. All the company's assets are located in Norway, a low-risk country, but exposure to a single tax regime is still an area of weakness compared with more diversified players.

Further, despite a strong business position in Norway's upstream sector, Aker BP demonstrates no diversification into downstream or other businesses. We consider this lack of meaningful downstream operations to be a relative weakness compared to integrated oil majors, which are less exposed to commodity price cycles.

Financial Risk

We continue to anticipate a defensive balance sheet despite higher capex in 2025. We believe Aker BP can still sustain FFO to debt above 45% through the cycle, including under our long-term midcycle oil price assumption of $55/bbl.

However, based on the results for third-quarter 2025 and our revised price assumptions, the company's metrics are now trending closer to 60%-65% for 2025-2026, lower than previously expected, due to weaker oil and gas prices. That said, Aker BP's credit metrics are well positioned within its rating category.

Aker BP still maintains headroom within its financial policy target of net debt to EBITDAX below 1.5x. The company could, in theory, increase its debt and debt to EBITDA above historical levels (with net interest-bearing debt excluding lease debt divided by EBITDAX having been under 1x over the past four years).

Given the relative weaknesses of a concentrated business, we believe the financial policy does provide for flexibility in capex and mergers and acquisitions. However, it is not supportive of a higher rating level given that a 1.5x leverage over time would not be commensurate with the current rating.

That said, we note the company has a strong track record of balancing organic and inorganic growth and maintaining a relatively robust balance sheet, supporting our view on its prudent financial policy.

Debt maturities

As of year-end 2024:

- 2025: $63.5 million
- 2026: $360.2 million
- 2027-2029: $509.5 billion annually
- 2030 and beyond: $5.4 billion

Aker BP ASA--Financial Summary

Period ending	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023
Reporting period	2018a	2019a	2020a	2021a	2022a	2023a
Display currency (mil.)	$	$	$	$	$	$
Revenues	3,725	3,366	2,981	5,674	13,019	13,670
EBITDA	3,369	2,610	2,304	4,900	12,033	12,552
Funds from operations (FFO)	2,102	1,492	2,126	4,172	6,303	4,452
Interest expense	418	343	338	293	313	455
Cash interest paid	365	194	184	151	156	379
Operating cash flow (OCF)	3,980	1,885	1,857	4,131	5,573	5,028
Capital expenditure	1,331	2,073	1,405	1,554	1,832	3,283
Free operating cash flow (FOCF)	2,649	(188)	452	2,577	3,741	1,745
Discretionary cash flow (DCF)	2,199	(938)	27	2,081	2,735	344
Cash and short-term investments	45	107	538	1,971	2,756	3,367
Gross available cash	45	107	538	1,971	2,756	3,367
Debt	3,413	4,106	4,264	2,349	3,574	4,138
Common equity	2,990	2,368	1,987	2,342	12,428	12,362
Adjusted ratios						
EBITDA margin (%)	90.4	77.6	77.3	86.3	92.4	91.8
Return on capital (%)	30.7	22.7	15.9	65.5	97.0	61.6
EBITDA interest coverage (x)	8.1	7.6	6.8	16.7	38.4	27.6
FFO cash interest coverage (x)	6.8	8.7	12.6	28.6	41.3	12.7
Debt/EBITDA (x)	1.0	1.6	1.9	0.5	0.3	0.3
FFO/debt (%)	61.6	36.3	49.9	177.6	176.3	107.6
OCF/debt (%)	116.6	45.9	43.6	175.9	155.9	121.5
FOCF/debt (%)	77.6	(4.6)	10.6	109.7	104.7	42.2
DCF/debt (%)	64.4	(22.8)	0.6	88.6	76.5	8.3

Reconciliation Of Aker BP ASA Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2023									
Company reported amounts	5,798	12,362	13,670	12,286	8,989	162	12,552	5,407	1,390	3,410
Cash taxes paid	-	-	-	-	-	-	(7,455)	-	-	-
Cash interest paid	-	-	-	-	-	-	(252)	-	-	-
Lease liabilities	704	-	-	-	-	-	-	-	-	-
Accessible cash and liquid investments	(3,367)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	127	(127)	(127)	-	(127)
Asset-retirement obligations	1,002	-	-	-	-	166	-	-	-	-
Exploration costs	-	-	-	266	-	-	(266)	-	-	-
Nonoperating income (expense)	-	-	-	-	133	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(252)	-	-
D&A: Impairment charges/ (reversals)	-	-	-	-	890	-	-	-	-	-
Total adjustments	(1,661)	-	0	267	1,023	293	(8,100)	(379)	-	(127)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	4,138	12,362	13,670	12,552	10,013	455	4,452	5,028	1,390	3,283

Liquidity

We assess Aker BP's liquidity as strong. We project that its cash sources will cover uses by more than 1.5x over the 24 months started Oct. 1, 2025.

Principal liquidity sources

- Cash and equivalents of $2.3 billion;
- Undrawn bank lines of $1.8 billion for the next 12-24 months; and
- Cash FFO of $4.5 billion-$5.0 billion in the next 12 months and $5.5 billion-$6.0 billion in the subsequent 12 months.

Principal liquidity uses

- Debt maturities of $158 million in the next 12 months and $100.5 million in the subsequent 12 months;
- Capex of $4.5 billion in the next 12 months; and
- Dividends of around $1.6 billion annually over the next three years.

Covenant Analysis

Requirements

The major covenant requires Aker BP to maintain net debt to EBITDA below 3.5x, with EBITDA interest coverage of at least 3.5x.

Compliance expectations

We anticipate that the company will be able to maintain considerable headroom under its covenants.

Environmental, Social, And Governance

Environmental factors are a negative consideration in our credit rating analysis of Aker BP, similar to our assessment of its peers, since the upstream energy sector faces high energy transition risks. Having low cash breakeven and being one of the lowest emitters of carbon dioxide per bbl produced, Aker BP is well positioned compared with most exploration and production peers. However, the group will need to find and invest in similar low-cost and low-emitting assets in the future to meet its ESG targets.

Issue Ratings--Subordination Risk Analysis

Capital structure

The capital structure mostly comprises various bonds issued by Aker BP and the bond originally issued by Lundin, now transferred to Aker BP's hierarchy, which ranks at the same level as Aker BP's bonds because of the guarantee. Its revolving credit facilities remain undrawn.

Analytical conclusions

We rate the senior unsecured debt issued by Aker BP 'BBB' in line with the issuer credit rating since there is no significant subordination risk.

Rating Component Scores	
Foreign currency issuer credit rating	**BBB/Stable/--**
Local currency issuer credit rating	**BBB/Stable/--**
Business risk	**Satisfactory**
Country risk	Very Low
Industry risk	Moderately High
Competitive position	Satisfactory
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**bbb**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- ARCHIVE | Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- ARCHIVE | Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of November 20, 2025)*	
Aker BP ASA	
Issuer Credit Rating	BBB/Stable/--
Senior Unsecured	BBB
Issuer Credit Ratings History	
08-Apr-2022	BBB/Stable/--

Ratings Detail (as of November 20, 2025)*

30-Apr-2021	BBB-/Positive/--
29-Jun-2020	BBB-/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.