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Aker BP

Q1 2026

Speakers

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Prepared Remarks

Karl Johnny Hersvik
CEO | Aker BP

Good morning, and welcome to Aker BP's first quarter 2026 results presentation. We entered 2026 with a strong momentum. It continued in Q1. Production efficiency was 97%, consistently among the best in the industry. Symra came on stream 9 months ahead of the original plan. The broader development portfolio hit its key milestones. When the oil price moved higher late in the quarter, driven by geopolitical disruptions in the Middle East, a high-performing portfolio enabled us to capture the upside with tailwinds carrying into Q2. We delivered production in the high end of our guided range, sector-leading cost, a significant project delivered 9 months early, and realized prices well above what the screen showed. Let me briefly turn to our operational performance in the quarter, as summarized here. Starting with production efficiency, our assets delivered 97% of the theoretically installed capacity.

Karl Johnny Hersvik
CEO | Aker BP

This reflects consistently strong operations across the portfolio. Daily production averaged just above 398,000 barrels, close to the high end of our full-year guidance range. Production cost was reduced to $7.7 per barrel, fully consistent with our full-year guidance of around $8 per barrel, and we remain among the lowest cost producers in the industry. At the same time, we continue to operate with very low emissions intensity at just 3 kg of CO2 per barrel, reinforcing the quality of our asset base. Together, this underscores the strength of our portfolio and a high degree of operational control. Q1 reinforces a clear message. We are converting our project pipeline of attractive low break-even project into barrels on or ahead of schedule. This chart shows our production outlook into 2030.

Karl Johnny Hersvik
CEO | Aker BP

Delivery of our major project keep us on track to reach around 525,000 barrels per day in 2028, corresponding to approximately 35% growth from 2026. Beyond 2028, our ambition remain unchanged, to sustain production at around 500,000 barrels per day well into the 2030s. Our ongoing field developments continued to underpin production growth, supported by a disciplined and repeatable execution approach across the portfolio. Over the past several years, we have built an operating model centered around hub development, standardization, and alliance-based execution. This is clearly reflected in our subsea tieback program. This year, production has started at both Solveig Phase 2 and Symra tied back to existing infrastructure in the Eiga area. Symra came on stream nine months ahead of the original plan, and it's the sixth subsea project sanctioned in 2021 and 2022 to start production, three tied back to Alvheim and three tied back to Eiga.

Karl Johnny Hersvik
CEO | Aker BP

Momentum continues at Skarv, where the three tieback projects have now been further accelerated and are now expected on stream in the 3rd quarter this year, almost 1 year earlier than originally planned. Across the portfolio, these nine tiebacks have delivered strong project economics. On average, the project showed an estimated full-cycle return of around 50% at a $7 per barrel price, with break-even prices of approximately $27 per barrel and payback time of around 10 months. These results reflect execution through our subsea and drilling alliances, built on long-term partnerships, early contractor involvement, and aligned incentives. The results are repeatable and a competitive position in the subsea tieback execution on the NCS. Alongside our tieback activity, execution continues on our two major development projects. Both Yggdrasil and Valhall PWP-Fenris remain on track for first oil in 2027. At Yggdrasil, activity levels are high across the project.

Karl Johnny Hersvik
CEO | Aker BP

As we move closer to the offshore phase, the main priority is to complete as much work as possible onshore ahead of sail away. For Hugin A topside, sail away is planned in the fourth quarter with focus on minimizing carryover into offshore execution. At Valhall, a key milestone was recently reached with a successful installation of the Fenris topside. Construction of the PWP topside is progressing at the Stord yard with sail away for offshore installation scheduled for the third quarter. Here too, focus is on productivity and readiness ahead of the offshore execution period. Let me show you what this quarter installation looks like in practice. This is large-scale project execution. Together, our tieback portfolio and the major developments provide a balance and capital efficient path to growth, with material production coming on stream from 2027.

Karl Johnny Hersvik
CEO | Aker BP

We continue to view exploration as an integrated part of our business, with its importance reinforced by a broader focus on energy security. The activity was lower in the first quarter, but has now picked up. In the Johan Sverdrup area, the Tonje exploration well was completed in early May and confirmed volumes in line with the pre-drill estimates. The data from this well will provide valuable information for future development in the northern part of the area. We are currently drilling the appraisal well at Carmen and have recently spudded Linga. Over time, this work help ensure that our production base remains competitive beyond the current project cycle.

David Tønne
CFO | Aker BP

Thank you, Karl. Good morning, everyone. The first quarter represents a strong operational and financial start to the year. Production, cost, and project execution are tracking our full-year plan, and cash flow generation has strengthened materially compared to the previous quarter. I will start with a brief comment on the oil market environment and then walk you through the financial performance for the quarter before closing with a few remarks on cash flow and the balance sheet. The recent events in the Middle East are causing significant human suffering while also affecting global energy markets. From a market perspective, we have seen oil prices move materially higher since early March.

David Tønne
CFO | Aker BP

I'd like to spend a few minutes on how this translates into our realized prices since the dynamics this quarter have been somewhat unusual, and what investors see on their screens does not fully capture what flows through to our top line. Aker BP's physical oil sales are priced against Dated Brent, not the front-month futures contract that most investors follow. When we agree a sales contract for a cargo, we agree a differential to Dated Brent. The cargo is typically delivered 1-2 months later, and the final price is set in the 5 days around the delivery date based on the Dated Brent ± that differential. There are 2 points here that matter for how you should think about our realized prices. First, since March, Dated Brent has traded materially above the front-month futures contract. Under normal market conditions, the 2 move closely together.

David Tønne
CFO | Aker BP

The dislocation we have seen this quarter reflects tightness in the physical market for prompt barrels. The practical implication is that headline Brent prices have understated the price of physical North Sea barrels. Second, the differentials on our own cargoes have increased materially through the same period. Without going into specific numbers, this dynamic provides additional support to our realized prices on top of the Dated Brent effect itself. Together, these factors contributed to an average realized oil price of $83.5 per barrel in the 1st quarter. The same dynamics have continued into the 2nd quarter and to an even greater extent. As a result of the contract structure I just described, our average realized oil price in the 1st month of the 2nd quarter was approximately $127 per barrel.

David Tønne
CFO | Aker BP

Note that this reflects pricing on volumes already delivered and is not a forecast for the full quarter. If you would like to understand these dynamics in more depth, our Chief Economist, Torbjørn Kjus, has recorded a video presentation that walks through the current market situation in more detail. It is available on our website, and I would encourage anyone who wants more granularity on the physical pricing mechanics to watch it. Turning to the Q1 results, production averaged just above 398,000 barrels of oil equivalents per day in the quarter, close to the high end of our full year guidance.

David Tønne
CFO | Aker BP

Due to overlift, sold volumes were slightly higher, averaging around 406,000 barrels. Total income amounted to $3 billion, supported by a realized liquids price of $82 per barrel and a realized gas price of $80 per barrel of oil equivalent. Unit production costs were $7.7 per barrel. After exploration expenses of $48 million, EBITDA for the quarter was $2.7 billion. In the quarter, we recognized a net impairment reversal of $522 million, primarily relating to the other intangible assets at Valhall and driven by higher short-term oil and gas prices. This is a reversal of impairment charges recognized in the fourth quarter of 2025. The methodology and assumptions behind this are described in detail in note 7 in the report.

David Tønne
CFO | Aker BP

As a result, net profit was $758 million compared with a net loss of $145 million in the fourth quarter of 2025. Moving from earnings to cash, operating cash flow amounted to $2 billion. Cash generation benefited from a higher income and lower tax payments, with 2 installments in the quarter compared to 3 in the fourth quarter of last year, partly offset by working capital movements amplified by higher prices in the quarter. The first quarter demonstrates how our operational execution and cost discipline translate into strong financial performance and robust cash generation. Let me also briefly comment on our guidance for 2026. All components of our guidance are reconfirmed.

David Tønne
CFO | Aker BP

Production between 370 and 400,000 barrels per day, production cost around $8 per barrel, and CapEx of $6.2 billion-$6.7 billion. After Q1, production is tracking within range, costs are below the full year level, and CapEx is in line with plan. In light of the current market situation, I would also like to address the outlook for cash flow and the balance sheet. Before I walk through this slide, I want to emphasize that the figures shown are scenario-based. They illustrate possible free cash flow outcomes under different price paths, and they are not forecasts. Since the strategy update in February, the only change we have made is to lift the assumed average realized oil price in the first half of 2026 to $90 per barrel across the scenarios.

David Tønne
CFO | Aker BP

The key outcome is that 2026 has become significantly more robust, and even in a prolonged low oil price scenario of $50 per barrel from the second half of this year and onwards, our leverage ratio is now estimated to not exceed 1.5 times. What the scenarios also show is that across a wide range of price paths, our portfolio continues to generate positive free cash flow before dividends. At current strip prices, free cash flow generation is materially positive. In a lower price scenario, the financial flexibility we have built provides the buffer needed to manage volatility while keeping us comfortably within our investment-grade framework. 2026 remains a investment heavy year, with peak activity on Yggdrasil and NCP Fenris. As these projects come on stream next year, the scenarios show free cash flow generation increasing materially across all the price paths shown.

David Tønne
CFO | Aker BP

Let me then close off with a few words on what this means for our shareholders. Our capital allocation framework is unchanged. A strong balance sheet is the foundation for value creation. On that foundation, we make disciplined investments that generate returns that, in the end, are distributed to shareholders. Our job is to maximize long-term dividend capacity, and that requires capital and good investments first. Translating this into where we stand today, first, we maintain a strong investment-grade balance sheet with $5.4 billion of available liquidity, providing flexibility through the cycle. Second, we fund the investments that drive our growth, Yggdrasil, NCP Fenris, and the high return tieback portfolio. Third, we return capital to shareholders through a predictable growing dividend, currently at $0.6615 per share per quarter. Going forward, the picture is clear. 2026 is a peak investment year.

David Tønne
CFO | Aker BP

From 2027 and onwards, as Yggdrasil and NCP Fenris come on stream, free cash flow generation steps up materially, providing the basis for continued attractive shareholder returns in the years to come. With that, let me hand back to Karl for some concluding remarks.

Karl Johnny Hersvik
CEO | Aker BP

Thank you, David. Q1 2026 confirm the strategy is working. High production efficiency, sector-leading cost, and yet another project delivered well ahead of plan. Our track record on subsea tiebacks lays a solid foundation for future projects. Looking ahead, our priorities remain unchanged. Safe and efficient operations, disciplined project execution, and an exploration program aiming at strengthening the resource base. Underlying all of this is continued focus on execution, operating, developing, and exploring more efficiently year by year and translating that performance into sustainable shareholder returns. We will now take a short pause before opening the Q&A session. As usual, to participate, please use the Teams link on the webcast page. If you prefer to listen only, please stay tuned, and we will resume in 1 minute. Welcome back. I think, as usual, we'll just go directly to Q&As.

Karl Johnny Hersvik
CEO | Aker BP

As usual, the master of ceremony is our very own Kjetil Bakken. Kjetil, over to you.

Q&A

Kjetil Bakken
Head of Investor Relations | Aker BP

Thank you, Karl. The first caller is Tianhong Bi from Citi. Let's see if we can make the line work this time, Tianhong. Okay.

Tianhong Bi
Analyst | Citi

Can you hear me this one?

Kjetil Bakken
Head of Investor Relations | Aker BP

There is a problem with the sound here.

Tianhong Bi
Analyst | Citi

Uh-

Kjetil Bakken
Head of Investor Relations | Aker BP

Yes.

Tianhong Bi
Analyst | Citi

Can you hear me?

Kjetil Bakken
Head of Investor Relations | Aker BP

Now we hear you, yes.

Tianhong Bi
Analyst | Citi

Okay. Okay, perfect. Yeah, morning. Thanks for taking my questions. Karl, you highlighted the strong economics of your recent tiebacks in your remarks, with $27 a barrel breakeven and very, I mean, quite attractive IRR, which screams better than your peers, for example, targeting $30-$35 range breakeven on similar projects. Could you please help us understand what is driving that differential? Then second question, can I just get your latest thinking on your capital allocation strategy under higher oil prices, particularly that balance between shareholder returns, deleveraging and investing for growth in the medium term? Thank you.

Karl Johnny Hersvik
CEO | Aker BP

Yeah, excellent. Thank you, Tian. First of all, the presentation we've done, concluding on the $27 breakeven, is taking into account actual as well, as well as project that are yet to come on stream. Our, call it, decision criteria has remained unchanged. What this reflects is an ability to outperform the plans we made at the original decision point. You're absolutely right. It is my view, too, that over time, we have consistently now built both a track record and a repeatable system to develop subsea tiebacks significantly better than most of our competitors. On your second question on the capital allocation, the capital allocation policy remains firm. We have seen periods with high oil prices and periods with low oil prices, our communication to the market has been the same.

Karl Johnny Hersvik
CEO | Aker BP

All value created by Aker BP will, at some point in time, come back to the investors. How that distribution is remain unchanged. If the oil price remains high, there might be a need to think about our dividend policy. At this point in time, we favor stability, as we have done in situations with low oil prices.

Tianhong Bi
Analyst | Citi

Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

All right. The next caller is James Carmichael from Berenberg.

James Carmichael
Analyst | Berenberg

Hi. Morning, guys. Can you hear me okay?

Kjetil Bakken
Head of Investor Relations | Aker BP

Yes, we can.

Karl Johnny Hersvik
CEO | Aker BP

Yeah, we can hear you, but we can't see you, James.

James Carmichael
Analyst | Berenberg

Morning. Can you hear me okay?

Karl Johnny Hersvik
CEO | Aker BP

We can hear you.

James Carmichael
Analyst | Berenberg

Okay. Okay. Thanks for taking my questions. Just two please. Just thinking about the realization points that you made in terms of Dated Brent versus futures, et cetera. Just wondering if there's anything we need to think about for tax purposes and, you know, with the norm pricing environment in Norway, or if that's all captured in those comments. Just looking further out, you know, beyond 2028, once these developments are online, just a reminder, I guess, on how you think about sustaining production at sort of or above 500,000 barrels a day. Is there enough in the hopper to keep that going organically for, you know, 5, 10 years, or is it likely that we'll see Aker BP look to maintain that level via M&A? Thank you.

Karl Johnny Hersvik
CEO | Aker BP

You wanna do the.

David Tønne
CFO | Aker BP

norm price question?

Karl Johnny Hersvik
CEO | Aker BP

The dated versus futures versus norm price.

David Tønne
CFO | Aker BP

Yeah. No, I can do that. I don't think there's anything in particular that you need to think about when it comes to tax related to the call it widening of the differentials. The norm price is set based on the average of the achieved differentials across the, you know, the different sellers on the shelf for the different qualities. Nothing in particular there that's worth mentioning. Yeah.

Karl Johnny Hersvik
CEO | Aker BP

Good. On the sustaining production, on slide 4 in the presentation that I just went through, you can actually see the distribution of the profile into the 2030s. As you see, the gap, call it, quote, unquote, of previously FID-ed projects have been closed in the last couple of quarters. That is an indication that the strength of the hopper is healthy and that we are continuing to close that gap up to 500,000. To be in excess of 500,000, you will need either some more exploration success or M&A. That is among the reasons why we continue to focus on exploration. Even though this quarter has been a little bit slow in terms of exploration, we are still very focused on exploration as a key enabler to bring barrels into the hopper.

Karl Johnny Hersvik
CEO | Aker BP

The short answer is very healthy, pipeline, with good break even and solid economics and backed by a repeatable execution strategy that we have demonstrated also in this quarter.

James Carmichael
Analyst | Berenberg

Very clear. Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

Next caller is Teodor Sveen-Nilsen from SpareBank 1.

Teodor Sveen-Nilsen
Equity Research Analyst | SpareBank 1 Markets

Good morning, Kalle and David. Thanks for taking my questions. Two questions from me. First on summer maintenance this year. Is it tempting to push back some of the maintenance given the high prices we see? Second question that is just a follow-up on the 500,000 barrels per day question. I want to ask about the Wisting. What is the status there and what kind of work is going on then, and how should we think around the timing of FID?

Karl Johnny Hersvik
CEO | Aker BP

Okay. On summer maintenance or turnarounds or the, call it, production reducing maintenance, in reality what we are doing is that we are creating a long-term plan where we are minimizing the production impact on maintenance regardless of what the oil price may or may not be at any specific quarter. That means that there is not a lot of scope to change that program as we've already tried to focus on the optimization of that versus production. We do run through it as 1 more time not because the oil price is high but because there is such a pressure on the physical market that we do want to make sure that towards our customers, physical customers in the market, we do what we can to supply the market.

Karl Johnny Hersvik
CEO | Aker BP

I'm not going to say that that will incur significant changes as of today. On Wisting, the plans remain the same. The operator is progressing with concept studies. My expectation is that we will reach a concept select sometime this autumn. We will probably end up in a decision sometime next year.

Teodor Sveen-Nilsen
Equity Research Analyst | SpareBank 1 Markets

Okay, that's clear. Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

Yes. All right. The next question comes from John Olaisen from ABG.

John Olaisen
Co-head of Global Research | ABG Sundal Collier

Good morning, everybody, thanks for taking my question. If my count is correct, you have 5 topsides that are planned to be installed this year. The first one, Fenris, was installed in April, as you showed in the last video. I wonder, is it possible to give an indication of when you plan to install the remaining 4 topsides, that being Hugin A and B and Munin and the second one of Valhall, please?

Karl Johnny Hersvik
CEO | Aker BP

Well, good. Absolutely right of course. We did install Fenris this quarter. Also installed the Hugin B jacket. The two remaining, call it, smaller ones, which is Munin. Well, not really small, it's 9,000 tons. You have Hugin B. My guess is that somewhere in the autumn that will be installed. It's a bit related to how we think about finalization of the offshore program, and there's a lot of flexibility in that lifting window at the moment. It's not really a completion issue, it's more a planning issue.

Karl Johnny Hersvik
CEO | Aker BP

More mainly driven, I would say, John, by the fact that these are actually supposed to be unmanned, so we don't really want them to be out there for too long without hooking them up and powering them for maintenance and conservation purposes. The two major ones that will be the, again, dependent on the actual offshore program as we're working on this summer. My guess is towards the fall we will install NCP and then in towards the back end of 2026 we will install Hugin A. Again, it's more of a totality and making sure that we have the most efficient offshore program at this stage.

John Olaisen
Co-head of Global Research | ABG Sundal Collier

All right. I just wonder, when you say late to 2026, is it like a deadline where the window is shutting?

Karl Johnny Hersvik
CEO | Aker BP

For Hugin A, you mean?

John Olaisen
Co-head of Global Research | ABG Sundal Collier

Yeah.

Karl Johnny Hersvik
CEO | Aker BP

No, not really. The almost counterintuitive here. Hugin A is a topside of 29,000 tons. It's to be installed with Pioneering Spirit. The fact that the unit is so big, it means that the weather we can actually, how do you say, install in is better than if the unit was significantly lighter. In a way, this installation policy gives us a lot of flexibility in actual installation timing.

John Olaisen
Co-head of Global Research | ABG Sundal Collier

How about the smaller ones when you say this autumn? We all remember the Vars problem with the Jotun FPSO, where the deadline seemed to be late August for sail away.

Karl Johnny Hersvik
CEO | Aker BP

Yeah, but that was a completely different setting. The smaller ones will be more exposed to weather windows. It's quite clear that, they need to be installed prior to, let's call it, the significant worsening in weather towards the late autumn at least.

John Olaisen
Co-head of Global Research | ABG Sundal Collier

Mm-hmm. Just to specify, the two large ones then you mean Hugin A and the last one at Valhall. Is that correct?

Karl Johnny Hersvik
CEO | Aker BP

That is correct. That is the 2 last ones.

Karl Johnny Hersvik
CEO | Aker BP

Yes.

John Olaisen
Co-head of Global Research | ABG Sundal Collier

Yeah. My final question. I understand there has to, might have been, or at least I've heard that the hotel strikes has impacted some of the Aker in Norway. Is that something you've seen or is not? Should we not worry?

Karl Johnny Hersvik
CEO | Aker BP

We're not worried. We may have My job is to be worried, so I'm worried all the time for everything. In reality, yes, there is strikes going on that is affecting the.

David Tønne
CFO | Aker BP

Catering

Karl Johnny Hersvik
CEO | Aker BP

catering and camp activities in a number of industrial sites. We have found solutions for the yard at Stord, so activity is ongoing as normal. I don't expect any disruptions due to this, the current situation.

John Olaisen
Co-head of Global Research | ABG Sundal Collier

Very good to hear. Thank you very much for taking my questions.

Karl Johnny Hersvik
CEO | Aker BP

No worries, John. Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

The next caller is Victoria McCulloch from RBC.

Victoria McCulloch
Analyst | RBC Capital Markets

Morning. Hi, thanks very much for your time this morning. Firstly, on CapEx, the run rates certainly seems to be at the top of guidance, but as you've talked through, there's a lot of key activities, certainly in the second half of the year. Can you just talk through what the moving parts are that get you to, I guess, to the range and how that I guess, how that splits? Could it accelerating the production plan push you Or has accelerating the production from the Skarv satellites pushed you towards the top of that range? Secondly, on the unitization at Yggdrasil, can you just talk us through, you know, what's happening?

Karl Johnny Hersvik
CEO | Aker BP

I can do the planning, the assumptions. I'll let you do the numbers. We'll touch on unitization afterwards.

David Tønne
CFO | Aker BP

Yeah.

Karl Johnny Hersvik
CEO | Aker BP

You're absolutely right. When construction is going on at full blast at Stord, there is about a little above 10,000 FTEs in rotation. Obviously, as you are moving towards sail away, those numbers will come down, meaning that the burn rate will come down as well. There's a natural consequence in terms of activity as you're moving from the, call it, onshore activity to the offshore activity. As you're ramping up offshore, with drilling rigs and, yeah, all the associated activity, the kind of the spend level comes up a little bit, right? That's basically the planning consequences of why you can't just do Q1 and multiply it by 4. You can touch a little bit on the actual numbers if you want to.

David Tønne
CFO | Aker BP

Yeah, I can do that. I think overall the cost performance have been strong in the quarter. When we look at the plan, there's no reason to change the guidance. The guidance range is what the guidance range is for a reason that there is of course some uncertainty related to the development. I think you also need to mention, of course, that the Norwegian kroner has strengthened towards the end of the first quarter and is also strengthening into the second quarter. That could give some pressure on the cost measured in dollar terms. As we have talked about many times before, we are well-positioned with FX hedging.

David Tønne
CFO | Aker BP

To remind you of the numbers, we have 70% to 90% of our NOK exposure hedged at rates between 10.5 and 11 Norwegian kroner per dollar. You can actually also see the effects of that this quarter with $80 million in realized gains on our FX derivatives alone. That's the current situation on cost. We don't see a specific need to change guidance based on where we are today.

Karl Johnny Hersvik
CEO | Aker BP

No.

David Tønne
CFO | Aker BP

We are following, of course, the situation. Unitization?

Karl Johnny Hersvik
CEO | Aker BP

Yeah. The, very simply put, East Frigg had a different ownership profile than the Frigg Gamma Delta unit. The previous cost estimate or the call it CapEx estimate was assuming the Frigg Gamma Delta ownership. When you join these licenses together in a unit, there is a pro rata contract to be done, which have at this point in time resulted in a slight influx of capital to Aker BP. It's basically a mechanical process where you take all the different licenses and join them into a unit.

David Tønne
CFO | Aker BP

I can add also, Karl, that this was of course agreed ahead of the actual sanctioning of East Frigg. Now in the first quarter is when the actual accounting effects of this has happened, and also the pro contra. That of course has been part of, you know, the planning for 2026 and onwards. That's of course included in the CapEx numbers in our guidance, and also the production profiles that we have put out. I think that's just an important dimension.

Karl Johnny Hersvik
CEO | Aker BP

The story is.

David Tønne
CFO | Aker BP

Yeah.

Karl Johnny Hersvik
CEO | Aker BP

It is essentially just the actual consequence of the unitization occurrence that you see now in the Q1 accounts.

Victoria McCulloch
Analyst | RBC Capital Markets

Super. Thanks very much. That's helpful today.

Karl Johnny Hersvik
CEO | Aker BP

Thank you, Victoria.

Kjetil Bakken
Head of Investor Relations | Aker BP

All right, the next caller is Naisheng Cui from Barclays. Please go ahead.

Naisheng Cui
Analyst | Barclays

Hi. Good morning, everyone. Thanks for taking my questions. I have two, please. The first one is Aker BP had a very strong operational delivery, and you have done a great job bringing many projects forward. I wonder what has prevented you to upgrade your P50 production guidance for this year? That's my first question. My second question is also on your future M&A growth strategy. I wonder, have the improved oil price curve changed your view on Aker BP's approach to M&A activities from here? What is your view on the NCS M&A outlook? Thank you.

Karl Johnny Hersvik
CEO | Aker BP

First on project delivery and production guidance. First of all, I absolutely do agree with you, Naisheng Cui, and thank you so much for making that comment. The project delivery has been strong, but in reality, my expectation has been just that Aker BP will continue to deliver excellent results, both in terms of production and in terms of project execution. While I'm extremely happy to see those plans coming to fruition, it is not like something that is coming as an, call it, surprise to us. We have seen this excellence in execution, as you also pointed out, developing over quite a few quarters at this point in time, meaning that when we push out our P50, we actually do expect the Aker BP deliveries to be excellent.

Karl Johnny Hersvik
CEO | Aker BP

On M&A, my view on the Norwegian Continental Shelf is that there is a significant amount of opportunities. It is quite clear that there will be a consolidation game on the Norwegian Continental Shelf almost at least long term, almost regardless of what the oil price may or may not be. It is quite clear that the operators with the highest skill set, most robust execution, strategies, and the lowest therefore breakeven and other fiscal measures will succeed. It is also quite clear that going forward you will see a different profile on the Norwegian Continental Shelf dominated by subsea tiebacks and dominated with what I would call more complex resources like high pressure, high temperature tight. This is the reason why Aker BP has over a long time now built an extremely robust subsea tieback.

Karl Johnny Hersvik
CEO | Aker BP

I wouldn't call it factory, but value chain with the alliances, a digital execution model, and the whole apparatus around that is now demonstrated that at least in my mind is. Yeah, I would probably be a bit cautious, but no, I'll say it. I believe it's actually industry leading. We've also done the same now on expanding our skill set. Fenris is a demonstration of our capability to enter into the high pressure, high temperature. Again, a decision made amongst other parameters for that reason. On tight, we've been working with tight oil and tight gas on the Norwegian Continental Shelf for more than a decade now on the Valhall field and surrounding entities. I do feel that we are extremely well-positioned on the NCS, both with, when it comes to organic but also inorganic opportunities.

Karl Johnny Hersvik
CEO | Aker BP

My view essentially hasn't changed.

Naisheng Cui
Analyst | Barclays

That's great. Thanks, Karl. Can I ask a follow-up question on your on the first question? I find it really impressive that you brought forward some project even nine months ahead of the original plan. That's really impressive. I wonder what have you done right here? Can we see more examples coming?

Karl Johnny Hersvik
CEO | Aker BP

I think there are two different factors. Let's take the Symra or the Eiga tiebacks first. Two main drivers here. I would say excellent results and modifications on the platform at Edvard Grieg and Ivar Aasen. Great drilling results and on time subsea deliveries. No quality incidents. Those are the main components. On Skarv satellites, I would say I have never seen this kind of performance on an offshore modification that we've seen on Skarv. This is actually the model we're now taking forward with what we call the next generation modification alliance with Aker Solutions. Second, I would always use the word exceptional drilling results, which again, has made sure that the well potential is delivered well ahead of time.

Karl Johnny Hersvik
CEO | Aker BP

Then again, also on Skarv, extremely well-performing subsea alliance. Overall, even though when you go into this project there's a little bit of contingency and you try to take into account that there might be events, it's been an almost flawless execution on these 2 projects.

Naisheng Cui
Analyst | Barclays

Very helpful. Thank you so much.

Kjetil Bakken
Head of Investor Relations | Aker BP

The next caller is Alejandra Magana from JPMorgan.

Karl Johnny Hersvik
CEO | Aker BP

I don't think we have sound.

Kjetil Bakken
Head of Investor Relations | Aker BP

No. Let's move on to the next, while we wait for Alejandra. Sashi Chilukuri from Jefferies.

Sashi Chilukuri
Analyst | Jefferies

Hi. Thanks for taking my question. Can you hear me?

Karl Johnny Hersvik
CEO | Aker BP

Absolutely, Sashi. Good to see you.

Sashi Chilukuri
Analyst | Jefferies

Yes. yeah, my question was on Johan Sverdrup. We saw a 5% year-on-year decline in 1Q. High production efficiency, optimization and new well contributions are all offsetting natural decline that's been highlighted. My question was whether this was indicative of the overall decline rates at this field for this year.

Karl Johnny Hersvik
CEO | Aker BP

You wanna do Johan Sverdrup?

David Tønne
CFO | Aker BP

Yeah.

Karl Johnny Hersvik
CEO | Aker BP

Sure.

David Tønne
CFO | Aker BP

I can definitely do that.

Karl Johnny Hersvik
CEO | Aker BP

Go ahead, Charles.

David Tønne
CFO | Aker BP

I think as we've talked about many times before, the performance on Sverdrup has been great. The performance we've seen in the first quarter have been in line, or even maybe slightly better than expectation.

Karl Johnny Hersvik
CEO | Aker BP

Yeah.

David Tønne
CFO | Aker BP

There's no specific news there with regards to add. Again, I think it's worth mentioning every time, Karl, that we think that Equinor is doing a fantastic job, managing the production of the field. Also we see, the same also with Johan Sverdrup phase three progressing well.

Sashi Chilukuri
Analyst | Jefferies

Great. Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

All right, we give Alejandra another chance because I think I heard her. Alejandra, are you there? No, there seems to be.

Alejandra Magana
Analyst | JPMorgan

Hi.

Kjetil Bakken
Head of Investor Relations | Aker BP

Yeah, there she is.

Alejandra Magana
Analyst | JPMorgan

Can you hear me?

Kjetil Bakken
Head of Investor Relations | Aker BP

Yeah, we can.

Karl Johnny Hersvik
CEO | Aker BP

Yeah, we can. Good morning, Alejandra.

Alejandra Magana
Analyst | JPMorgan

Hi. Good morning. Good morning. I'm glad I finally got this to work. Thanks for taking my questions. Your 1Q production was strong near the high end of your full year guidance. Should we read this as de-risking delivery towards the upper half of guidance or are there specific maintenance decline or phasing effects later in the year that keep you comfortable leaving the range unchanged? My second question is on Johan Sverdrup. Now that you have both the field center drilling and the Deepsea Bergen subsea campaign underway, what have you learned so far from the retrofit multilateral wells and workovers, and has anything changed in your confidence around the 2026 decline mitigation plan embedded in guidance? Thank you.

Karl Johnny Hersvik
CEO | Aker BP

Really good questions. On production guidance, Q1 was great. High production efficiency, excellent results, robust execution. Liked all of it. Also expected that kind of performance. When it comes to the rest of the year, there is still wells to be put on stream, activities to be carried out. Teodor Sveen-Nilsen asked about maintenance, there are some of that as well. While we had an excellent quarter, we also expected an excellent quarter as we put out the guidance. I don't really see a material change compared to our plans in Q1. If anything, slightly on the positive side. I don't see a reason to change the guidance at this point in time.

Karl Johnny Hersvik
CEO | Aker BP

On the Johan Sverdrup activity, David reiterated, and I'd like to support that Equinor is doing a great job operating that field. That also goes for the drilling operations and the well operations. The retrofit multilateral may be slightly better than our expectations, but well within the uncertainty parameters, I would say. Strengthen, at least my view, that we will need to see more of this kind of activity going forward. Again, mostly in line with our expectations.

Alejandra Magana
Analyst | JPMorgan

Thank you for the color.

Kjetil Bakken
Head of Investor Relations | Aker BP

Thank you.

Karl Johnny Hersvik
CEO | Aker BP

Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

We move on to Anders Rosenlund from SEB.

Anders Rosenlund
Analyst | SEB

Thank you. My first question, you said the ambition is to sustain production around 500,000 barrels a day into the 2030s, but the slide says above 500,000 barrels a day. I don't know if that's just a different word or way of putting it. My second question is if you could talk about commodity price hedging, and the opportunity to buy more puts, in particular on oil price. It seemed like you've done some in Q1.

Karl Johnny Hersvik
CEO | Aker BP

Great, Anders. It's great to hear somebody else from Bergen on this call too. Well, there is of course a little bit of semantics on this. Our view is to sustain production above 500,000 well into the 2030s, just to be very clear. On that topic, as I said, I do believe that the pipeline is strong. I do believe that over time we've built an excellent execution strategy and a set of alliance partners that have demonstrated capability to deliver this. I do believe that going forward there will be more opportunities. We have a strong exploration program to increase this, and I do believe that in terms of M&A there will also be opportunities. I'm optimistic.

David Tønne
CFO | Aker BP

Hedging?

Karl Johnny Hersvik
CEO | Aker BP

Hedging.

David Tønne
CFO | Aker BP

I'll do it.

Karl Johnny Hersvik
CEO | Aker BP

Yeah.

David Tønne
CFO | Aker BP

Okay. Yeah. We continuously evaluate, call it the cost benefit of hedging, and you specifically asked for oil puts. I think what we have seen, of course, with the increase in prices, there has also been a significant increase in volatility, which again then means that put options become quite expensive. At least when you look further out in time. We are continuously evaluating it, and then I think it is worth noting when it comes to the cost benefit of it, I alluded a bit to it when I talked about, you know, the scenarios for cashflow generation and also the leverage ratio development in downside scenarios going forward.

David Tønne
CFO | Aker BP

The way that we see it is that, you know, 2026 is now significantly de-risked, when you look at the leverage development, in a $50 scenario from the second half of this year, for example. That of course is something that we take into consideration when we look at the value of buying put options.

Anders Rosenlund
Analyst | SEB

Okay, thanks.

Kjetil Bakken
Head of Investor Relations | Aker BP

All right, the final question seems to be a follow-up from James Carmichael from Berenberg.

James Carmichael
Analyst | Berenberg

Hi, morning, guys. Thanks for taking the follow-up. Just wanted to ask about the impairment reversal that we saw in the quarter. I think that obviously, that impairment was only taken in Q4, it's now been reversed on higher prices. I guess, I'm just interested maybe to get a bit of color on specifically the assets underlying that, and whether we should simply expect that impairment to come back, if prices normalize later in the year or early next. Thanks.

Karl Johnny Hersvik
CEO | Aker BP

I think the final question is definitely one for you, David.

David Tønne
CFO | Aker BP

That's for me.

Karl Johnny Hersvik
CEO | Aker BP

Yeah.

David Tønne
CFO | Aker BP

Okay, yeah. Yeah. We use, you know, a consistent methodology when we do the impairment testing, and that is also specifically also document in the notes of the accounts. You're perfectly correct. This quarter, we do a reversal of impairments of all the intangible assets on Valhall, and that's a reversal of the impairment that we had last quarter. It's driven by the price increases that we have on both oil and gas. You can see the prices used in the accounts in the notes. That is the forward price at the end of the quarter. This is a mechanical exercise, I don't want to speculate on what the forward price of oil is at the end of the second quarter.

David Tønne
CFO | Aker BP

That is too difficult at, you know, in these times. I leave it at that.

James Carmichael
Analyst | Berenberg

Okay. In the hypothetical scenario, the oil prices did normalize at some point, does that impairment, that we just assume that mechanically that comes back?

David Tønne
CFO | Aker BP

We mechanically will adjust the oil and gas price used in the impairment test. We will have to see if other developments have, you know, reversing effects. I think you're onto something.

James Carmichael
Analyst | Berenberg

Okay. All right. Thanks very much.

Kjetil Bakken
Head of Investor Relations | Aker BP

Right. That concludes the Q&A session. Karl, any final words?

Karl Johnny Hersvik
CEO | Aker BP

No, not really. Thank you, guys. Thank you for excellent questions and for taking the time to listen to us this morning. I do wish you a great day and a safe day, and I can assure you that here at Aker BP, we will continue to do our very best to deliver the same excellent results that we had in Q1. Thank you so much.