October 29, 2026

Aker BP

Q3 2026

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Speakers

Karl Hersvik
CEO | Aker BP

Video Narrator

David Tønne
CFO | Aker BP

Kjetil Bakken
Head of Investor Relations | Aker BP

John Olaisen
Analyst | ABG

Tianhong Bi
Analyst | Citi

Matt Smith
Analyst | Bank of America Securities

James Carmichael
Analyst | Berenberg

Victoria McCulloch
Analyst | RBC

Teodor Sveen-Nilsen
Analyst | SpareBank 1 Markets

Naish Cui
Analyst | Barclays

Prepared Remarks

Karl Hersvik
CEO | Aker BP

With these beautiful pictures of this quarter's hookup, completion, and drilling activities at Munin in the Yggdrasil area, I have the pleasure of welcoming you all to Aker BP's third quarter 2026 results presentation. The third quarter was another good quarter for Aker BP. We delivered robust financial results, advanced our major development projects, brought new production on stream, and strengthened our portfolio of future opportunities. Our ambition remains unchanged: to create long-term shareholder value through safe and efficient operations, disciplined project execution, and a strong financial framework. This quarter can be summarized through five highlights. First, we delivered strong operational performance combined with favorable commodity prices, which resulted in robust earnings and cash flow. Second, our major development project continued to make good progress towards startup, bringing us closer to a period of significant production growth.

Karl Hersvik
CEO | Aker BP

Third, we successfully brought the Skarv Satellites project on stream well ahead of original schedule. Fourth, we continued to high-grade and strengthen our portfolio through exploration and targeted business development. Finally, and fifth, we have taken important steps to prepare Aker BP for the next phase, including the launch of a new operating model to support increased value creation, as well as new industry collaboration on exploration and complex reservoirs. Production efficiency remained strong at 94%. Production averaged 374,000 bbl per day, somewhat lower than the previous quarter, mainly due to planned maintenance at Johan Sverdrup. This was partly offset by strong performance in the Eiga area, following the turnaround in the second quarter, together with contributions from the Solveig and Symra startups. Year-to-date production stands at 385,000 bbl per day. Johan Sverdrup is now back at normal production levels, while ramp-up continues at the Skarv Satellites.

Karl Hersvik
CEO | Aker BP

We therefore remain on track to deliver within our full-year production guidance of 380,000 bbl-400,000 bbl per day. Production cost was $9 per barrel in the quarter, broadly in line with the previous quarter. Year-to-date production cost was $8.50 per barrel, and David will return to this topic later. Emissions intensity increased to 3.8 kg of CO2 equivalents per barrel. The main driver was increased use of gas turbines at Edvard Grieg following technical issues with the electrical boiler system. Higher vessel and rig activity related to exploration and development projects also contributed. We are currently working to determine and implement an appropriate solution at Edvard Grieg. Until that is in place, we expect emissions intensity to remain above our normal levels in the coming quarters. Even so, Aker BP remains one of the oil and gas producers with the lowest emission intensity globally.

Karl Hersvik
CEO | Aker BP

This quarter marked an important step towards Aker BP's next period of growth as we reach several major milestones across our portfolio. Importantly, both Yggdrasil and Valhall PWP-Fenris remain on track for startup next summer. Let me start with Yggdrasil. As we showed you in the introduction, the Munin topside was successfully installed offshore during the quarter, and the Hugin B topside is also in place. We have completed the installation of all major subsea components, while drilling, hookup, and commissioning activities continue across the project. On Hugin A, we are now in the final phase of completion and commissioning at Stord, and we are optimizing the schedule for efficient startup.

Karl Hersvik
CEO | Aker BP

The detailed planning of the final stages is being finalized as we speak, and the current plan is to load the platform out onto the barge early in the year and complete final testing at the yard before it moves offshore a few weeks later. Overall, we continue to make good progress, and production startup is, as previously communicated, planned for mid-2027. We have also continued to make excellent progress at Valhall PWP-Fenris. A major milestone was reached in August when the Valhall PWP topside left the yard at Stord and was safely installed offshore. Rather than listening to me talk about it, let me show you what this looks like.

Video Narrator

Today we have installed a new PWP topside. We have lifted 17,000 tons into place. By putting in place a new topside, a new production and wellhead platform, we are ready to produce oil for another 40 years.Sleipnir, with these two 10,000-ton cranes, is built for lifts like this. Really heavy, really big, and over really high. She is the tool to make these kind of projects a success.

Video Narrator
[Non-English content]

Video Narrator
It takes years, and it takes a lot of good cooperation with the jacket designer, with the topside designer, with Aker BP. When you've got all these things right, and then when you manage to set it safely down after lifting it very high in the sky, it's a big sigh of relief.

Video Narrator
[Non-English content]

Video Narrator
I'm really proud. Really a high point in my work for Aker BP.

Video Narrator
[Non-English content]

Karl Hersvik
CEO | Aker BP
Watching this makes me immensely proud of what our people and partners have achieved. Valhall PWP is about much more than a new platform. It will renew the infrastructure in the Valhall area, enable new production, and provide the facilities needed to bring Fenris on stream. Hookup and commissioning are progressing according to plan. Drilling performance has been strong, and our focus is now on safely completing the remaining offshore work ahead of first production, that is, next summer. We also delivered another important milestone in the quarter. in August, we successfully brought the Skarv Satellites project on stream, almost one year ahead of the original schedule. The project adds around 120 million barrels of recoverable resources and is already contributing to production and cash flow. With Skarv Satellites on stream, we have now delivered all nine subsea developments sanctioned in 2022.

Karl Hersvik
CEO | Aker BP
This demonstrates the strength of our alliance-based execution model and our ability to deliver projects safely and efficiently. Congratulations and a sincere thank you to everyone who have contributed to this major achievement. Looking across the portfolio, we are moving from a period of heavy investment towards a period of growth. With Tyrving, the Utsira High projects, and Skarv Satellites now on stream, and Yggdrasil and Valhall PWP Fenris on track for start-up next summer, we have a clear path towards around 35% production growth between 2026 and 2028. Exploration and business development are important tools for replenishing our resource base and building future development opportunities around our existing infrastructure. We completed four exploration wells and appraisal wells during the quarter. Alpehumle and Linga resulted in relatively small discoveries, while Svarteknippa was dry.

Karl Hersvik
CEO | Aker BP
The appraisal well on Verdandi and Lillefix was successful, increasing the estimated resource range and improving our understanding of a potential tieback to Symra. In parallel, we continued to strengthen and high-grade the portfolio through business development. In the quarter, we completed the Norwegian part of the transaction with Equinor announced in May. We acquired a 19% interest in the Wisting area and transferred a 7.5% interest in Wisting, where we still have a 27.5% interest. We also announced two transactions that strengthen our positions close to existing infrastructure. In the North Sea, we agreed to acquire Apache's operated interest in the U.K. part of the Losgann discovery. Losgann and our Froskelår discovery on the Norwegian side actually form a single cross-border accumulation.

Karl Hersvik
CEO | Aker BP

Subject to necessary approvals, the transaction will give Aker BP operatorship on both sides of the border and provide a stronger basis for progressing a potential development linked to the Alvheim area. In the Norwegian Sea, we agreed to acquire operatorship and a 51% interest in the Slagugle area from ConocoPhillips. Slagugle is an established oil discovery with future exploration potential and could become an attractive subsea development using nearby infrastructure. Taken together, these activities broaden up our opportunity set and gives us additional options for future resource development. With all nine subsea developments now on stream, and only Valhall PWP Fenris and Yggdrasil remaining in the broader 2022 project portfolio, we are increasingly looking towards the next phase of value creation. The NCS still contains significant resources to be discovered and developed.

Karl Hersvik
CEO | Aker BP

Aker BP is well-positioned to capture this potential through exploration, technology, and continuous improvement in how we operate. Exploration will continue to play a central role. Near-field exploration offer attractive economics, short cycle times, and the opportunity to leverage existing infrastructure. We have a strong portfolio of opportunities that we intend to mature through an active exploration program in the years ahead. At the same time, our collaboration with Equinor and Vår Energi, announced in August, gives us access to larger, high-impact exploration opportunities that could support future standalone developments. But growth is not only about finding new resources. A significant number of discoveries on the NCS remain challenging to develop commercially. Earlier this week, we announced a new collaboration with Equinor aimed at unlocking more value from tight reservoir. By combining subsurface expertise, technology, standardization, and scale, we believe more of these resources can become commercially attractive.

Karl Hersvik
CEO | Aker BP

We are also accelerating the use of digital technologies and AI tools across Aker BP. One example is the AI-based tools we are developing to support our exploration teams with better use of data, documentation, and organizational knowledge. More broadly, we see significant potential to improve decision quality, increase productivity, and shorten cycle times across the value chain. From January, we will be introducing a new operating model organized more closely around the value chain from exploration to production. The model builds on lessons learned from our major development projects and is designed to support faster decision-making, greater standardization, closer collaboration, and more scalable ways of working. It will also provide a strong platform for expanding the use of AI-enabled processes across the organization. Our strategy remains unchanged. What is changing is our ability to execute it even more effectively.

Karl Hersvik
CEO | Aker BP

Taken together, these initiatives strengthen our ability to find more resources, develop more opportunities, and create even more value from the NCS. That gives us confidence in Aker BP's ability to remain one of the most competitive operators on the shelf and continue delivering attractive shareholder returns in many years to come. With that, I will hand you over to David, who will take you through the financial results in more detail.

David Tønne
CFO | Aker BP

Thank you, Karl, and good morning, everyone. The third quarter was another strong financial quarter for Aker BP, supported by high realized prices and strong underlying cash generation, further strengthening our financial position. Let me start with macro and oil prices, which continued to be strong in the third quarter. While front-month Brent averaged around $91 per barrel, Dated Brent, the relevant reference for our physical sales, averaged around $97. The physical market strengthened towards the end of the quarter, and we continued to achieve good premiums for our crude qualities. Together with favorable pricing effects related to the timing of our sales, this resulted in an achieved oil price of $102 per barrel. Including NGLs and condensate, our achieved liquids price was $101. As Karl has presented, production averaged 374,000 bbl of oil equivalents per day.

David Tønne
CFO | Aker BP

Due to an overlift in the quarter, sold volumes were higher at 396,000 bbl. Combined with an achieved liquids price of $101 per barrel and a realized gas price of $123 per barrel of oil equivalents, this resulted in a total income of $3.9 billion for the quarter. This is up 5% from last quarter and is the second highest in the company's history. The total income of $3.9 billion in the third quarter was positively impacted by the overlift of around 21,000 bbl per day, compared with an underlift in the second quarter. The higher sold volumes also explain most of the quarter-on-quarter increase in production expenses for oil and gas sold. On a produced barrel basis, unit production cost was broadly stable at $9, compared with $8.8 in the previous quarter.

David Tønne
CFO | Aker BP

The year-to-date average is $8.5 per barrel, compared with our guidance of approximately eight, mainly reflecting the strengthening of the Norwegian kroner during the year and higher Norwegian power prices, which tend to move in line with European gas prices. EBITDA in the third quarter was $3.4 billion, including exploration expenses of $107 million. The increase in exploration expenses reflected one dry well at Svarteknippa and the phasing of seismic spending. We also recognized an impairment reversal of $870 million, primarily related to intangible assets at Valhall and Wisting. The reversal was driven by higher near-term oil and gas prices, updated profiles and the maturation of the Wisting project towards Concept Select. Net profit was $986 million, corresponding to earnings per share of $1.56. Excluding the impairment reversal, earnings per share were $1.15, in line with the second quarter. Moving then from earnings to cash.

David Tønne
CFO | Aker BP

The underlying cash flow generation in the third quarter was very strong, with operating cash flow before tax and working capital movements of $3.5 billion, one of the strongest cash-generating quarters in our history. After a working capital build of $478 million and tax payments of $543 million, reported cash flow from operations was $2.4 billion. The working capital movement mainly reflected higher trade receivables following strong prices towards the end of the quarter. These receivables have subsequently been collected, benefiting fourth quarter cash flows. After investment spending of $1.9 billion, reported free cash flow was $557 million, equivalent to $0.90 per share, where the main change from the second quarter is the working capital build. Aker BP's capital allocation framework remains unchanged.

David Tønne
CFO | Aker BP

Our balance sheet comes first, and during the quarter, we further strengthened our financial flexibility by paying down debt and reducing leverage to 0.5x net debt to EBITDAX. We ended the quarter with $5.8 billion of available liquidity. From this foundation, we invest in high-return projects that support production growth and strengthen future cash flow. We expect the projects coming on stream next year to increase production by around 35% from 2026-2028. Finally, we return capital to shareholders through a predictable and growing dividend. The board has resolved to pay a dividend of $0.6615 per share in the fourth quarter, bringing the full-year dividend in 2026 to approximately $2.65. This represents an increase of 5% from last year and is in line with the plan communicated to the market.

David Tønne
CFO | Aker BP

Our investment plan also remains unchanged from the second quarter, with 2026 remaining the peak investment year. The chart reflects the CapEx included in our current business plan, primarily comprising projects that have passed Concept Select. It therefore excludes potential new projects such as Wisting, Ringvei Vest, and Omega Alfa. Wisting is now approaching Concept Select with a final investment decision expected towards the end of 2027. As the project matures, it is expected to add CapEx to this profile, primarily from 2028. However, as Yggdrasil and Valhall PWP-Fenris approach completion and come on stream, we still expect overall investment spending to decline materially from 2027. Combined with higher production, this provides a strong foundation for increased free cash flow beyond the current project period. Now let me conclude with a few comments on our guidance for 2026.

David Tønne
CFO | Aker BP

We maintain our full-year production guidance of 380,000 to 400,000 bbl per day. Our expectation is that we will land in the middle of this range. We adjust our full-year production cost guidance to approximately $8.5 per barrel. Underlying addressable costs are in line with original guidance. The main drivers for the change are, as mentioned, a stronger Norwegian kroner and higher power prices impacting costs on our electrified assets. The latter is of course more than offset by higher European gas prices. Capital expenditure was $5.3 billion in the first nine months. We maintain our full-year guidance of $6.8 billion-$7.2 billion. Exploration spend was $328 million in the first nine months.

David Tønne
CFO | Aker BP

Based on the planned activity for the remainder of the year, we maintain our full-year guidance of around $400 million. We also recognize we could end slightly above, mainly driven by phasing of seismic in the Frigg area from 2027 to 2026, and the timing of remaining wells year near end. Finally, we maintain our full-year abandonment guidance of around $100 million. However, here we see that we might end up slightly below due to an efficient execution and phasing of activities to later years. Now with that, let me hand back to Karl for some closing remarks.

Karl Hersvik
CEO | Aker BP

Thank you, David. To conclude, Aker BP delivered another strong quarter with solid operations, strong cash flow generation, and continued progress across our project portfolio. With Skarv Satellites now on stream and Yggdrasil and Valhall PWP-Fenris approaching first production, we are entering an important period of production growth and increasing cash flow. At the same time, we are building the foundation for the next phase of value creation by maturing and expanding our opportunity set, applying technology and artificial intelligence more broadly, and organizing the company to progress opportunities faster from discovery to production. With a strong financial position and a clear capital allocation framework, Aker BP is well-positioned to deliver profitable growth and create long-term value for our shareholders. We will now take a short pause before opening the Q&A session.

Karl Hersvik
CEO | Aker BP

And 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 one minute. Welcome back, everybody. As usual, we now do a Q&A. Again, as usual, the master of ceremony will be our very own Kjetil Bakken, who is now yet again heading an award-winning IR team here in Aker BP. Kjetil.

Q&A

Kjetil Bakken
Head of Investor Relations | Aker BP

Yeah, thank you, Karl. Yes. Let us start. John Olaisen from ABG is the first caller. Please go ahead, John.

John Olaisen
Analyst | ABG

Yeah. Thank you for taking my question. A couple of questions on Yggdrasil. Did you say that the

Karl Hersvik
CEO | Aker BP

Welcome back, everybody.

John Olaisen
Analyst | ABG

Did you say that the Hugin A sail away is expected early 2027? Did I hear you right about that? I actually get a, the sound is coming back a little bit, but hope you hear me well though. Again, is the sail away from Hugin A now expected early 2027, is that correct? Did I hear you correct on that? I think last time you mentioned that, I thought you said this December, so I just wondered if there's a small delay. Also when it comes to Yggdrasil, my friend's wife would say the Norwegian summer is normally a two to three weeks window in July. Karl, a person from Bergen probably has a bit more optimistic view on the length of the Norwegian summer. When you say production start in the summer 2027 for Yggdrasil, what's your definition of the summer?

John Olaisen
Analyst | ABG

Those are two questions for the Yggdrasil first, please.

Karl Hersvik
CEO | Aker BP

I love the reference to the definition of Norwegian summer, John. First, on sail away, as we probably said all the time, the work we're doing now is to optimize the work from now to start up. We're now in the middle of, they call it, the final leg of commissioning and testing and preparation. The current plan is that we'll roll out onto a barge very early in 2027 and then sail away a couple of weeks later, having completed all necessary testing. Production start up is, as previously guided, mid-year 2027. This is basically just an optimization of where we do what work. Then your definition of summer. Well, it's easy to subscribe to this. I think we've said mid-year. If you basically then that's 12 months and divide by six, you get an idea.

John Olaisen
Analyst | ABG

Okay. A second question on the Conoco assets. Several news agents have speculated that you are one of the bidders, and I understand that you probably do not want to comment on it specifically, but could you say something, I have to try though. Could you comment something on Conoco? Could you rule out that you're interested in the assets? I can presume not, but, I don't know. I'm trying. Do you want to comment on it at all?

Karl Hersvik
CEO | Aker BP

I think I will stick to what I have said a number of times on similar situations, is that I haven't been in Aker BP one day where there haven't been an ongoing BD or an M&A project. That is still the case.

John Olaisen
Analyst | ABG

Okay. Thank you. I will leave the floor to other analysts and rather come back at the end, though. Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

All right, then the next caller is Tianhong Bi from Citi. Please go ahead.

Tianhong Bi
Analyst | Citi

Hi. Morning, guys. Thanks for taking my questions. I have got two, please. First one on Sverdrup. With Sverdrup now expected to decline faster in 2027 following Equinor's comments yesterday, can you help bridge the key moving part in next year's production profile? To what extent are the new startups sufficient to absorb the higher decline at Sverdrup? How much of the uplift from phase three and the increase in recovery ambition from 65% to 75% is already embedded in your medium-term outlook? The second question is on the tight reservoir opportunity. Equinor described it as a long-term optionality yesterday. Would you suggest sustaining your production into the 2030s may require another round of investment before the end of the decade? How does that factor into your capital allocation framework today? Thank you.

Karl Hersvik
CEO | Aker BP

First of all, on Sverdrup, I think Equinor, the operator, stated yesterday that the decline so far in 2026 was 11%. That is pretty much spot on our estimation as well. It means that our prediction and models on how the reservoir at Johan Sverdrup is working very well, actually. It also means that any future development in production on Johan Sverdrup is encapsulated in our future predictions. There are no fundamental changes to how we have seen this world when we compare that to the previous long-term guidance that Aker BP has given. We will come back with new guidance if there is any updates, as usual, during the Q4 presentation in February 2027.

Karl Hersvik
CEO | Aker BP

On the High Impact Exploration consortium, the way I view this is that this is an opportunity to go after some of the more, call it high potential opportunities that will be sitting in the different parts of the Norwegian Continental Shelf, comparing data between the operators, comparing knowledge between the three key operators, and then making sure that we are drilling the right prospects at the right point in time with the right risk profile at any given point in time. My assertion is very simple. If there is not necessarily an elephant, I used to call it internally a buffalo. If there is a buffalo out there, it will be found by this consortium.

Karl Hersvik
CEO | Aker BP

If that means that there will be capital necessary to allocate to developer, I see that as an incredibly good thing and not necessarily, as you allude to, a strain on our capital resources. Quite the opposite. This would be a fantastic thing for the companies and for the Norwegian Continental Shelf.

Tianhong Bi
Analyst | Citi

I just have one follow-up, please.

Karl Hersvik
CEO | Aker BP

Go ahead.

Tianhong Bi
Analyst | Citi

Just how are you balancing the increasing CapEx potentially because you're excluding Wisting, Ringvei Vest, Alpehumle your current guidance and potentially another M&A coming. How are you balancing those priorities?

Karl Hersvik
CEO | Aker BP

I think our capital allocation framework is well-positioned and has remained stable for a long time, and it hasn't fundamentally changed. I think our capital allocation priorities should be well known to the market. The key priorities here is to make sure that whatever we do is accretive to shareholder value. That means that either dividend is accretive or that the total value to the shareholders are accretive. That's the only two priorities we have in addition to call it financial robustness.

Tianhong Bi
Analyst | Citi

Thanks. Happy to pass on. Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

All right, then next caller on the line is Matt Smith from Bank of America Securities.

Matt Smith
Analyst | Bank of America Securities

Hi there. Morning, gents. Hope you can hear me. The first question I had was around the latest partnership with Equinor to develop these challenging discoveries. I know this is something that's been in the works for quite some time, and I don't think anyone has any doubts that Aker BP is a frontrunner in terms of capabilities to execute on these types of projects. I guess my question was whether you could help us in terms of your confidence on the returns profile of these projects. When we see the world challenging, we assume more cost, more CapEx, and maybe more challenging returns. If you could tackle that part of the question, any comments there might be interesting.

Matt Smith
Analyst | Bank of America Securities

My way of asking you around M&A was essentially going to be, should we expect or would we be surprised to see Aker BP transact with $100 oil prices? That would be counter to activity that we've seen in the past. Again, I guess it's contrast in the availability of resources with the potential returns on offer of those. Sorry for the unfair question on M&A, but I'll leave it there.

Karl Hersvik
CEO | Aker BP

Okay. I'll start on tight. You're absolutely right. It's been in the works a while. It is a topic we in Aker BP has quite a bit of, call it experience on following the redevelopment of the Valhall field after the acquisition of BP assets in Norway in 2016. It's not like we're starting on zero. There is quite a bit of resources depending on how you frame tight. If you use the Sodir framing, that's roughly 2.8 billion barrels that is discovered but undeveloped. If you use our internal, which is a little bit higher in terms of permeability, that is reservoir quality, you get roughly 5 billion barrels. There's a significant resource base, and that's the starting point. The second one is that we've seen that technology development, industrial development, and understanding of these reservoirs have created massive opportunities.

Karl Hersvik
CEO | Aker BP

You do not need to look any further than to the shale revolution in the U.S. to understand what actually a composition of different technologies will do over time. Not just one specific technology, it is more like a development strategy. That is also coloring the relationship and the agreement we have with Equinor. It is not just one technology or one topic, it is covering a broad range of development technologies and opportunities necessary to turn this into an economic prospect. The last element is that you actually have something to test it on, and that is, in this case, Victoria, which is in the works, and you will see decisions being made in 2027 on phase one. For Equinor, where Aker BP is a partner, it is Lofn and Langemann, where you will also see decisions being made in 2027.

Karl Hersvik
CEO | Aker BP

I am actually rather optimistic that we will be able to turn this into a sizable opportunity on the NCS. On M&A, should you expect us to transact this macro environment? Independent of macro environment, I think you should expect that Aker BP will stick to our strategy, meaning that we will transact only when we see that there is value opportunities for our shareholders. That might mean, of course, that it is not just the macro, it is also other synergies. Particularly in the past, we have been dominating that value by increased reservoir offtake over time, exemplified by, for example, Valhall, which have now increased reserves from the acquisition in 2016 by 83%. That means that it is not just the in year macro that defines whether this is an opportunity we find interesting, it is our view on the underlying resources over time.

Matt Smith
Analyst | Bank of America Securities

All right. Well, thanks for all the color. Appreciate it. Happy to pass it on.

Kjetil Bakken
Head of Investor Relations | Aker BP

All right. Then we have James Carmichael from Berenberg. Please go ahead, James.

James Carmichael
Analyst | Berenberg

Hi. Morning, guys. Thanks for taking my questions. Just got a couple. Firstly on, I guess you recently announced the new management team and operating model. I am just wondering if you could maybe give a bit of color around why you felt you needed to change the model now, what are the big sort of drivers behind that change? Then just on a slightly different topic, I saw you got funding for the Atlas CCS project recently. I am just wondering if you have got any other CCS projects in the hopper. Is that a business where you think you can scale and see acceptable returns, ex subsidies? Thanks.

Karl Hersvik
CEO | Aker BP

Yeah. Let us start with the ops model. The current ops model, an operation model, what is that in Aker BP? It is the way we execute work, it is the way we are organized from a structural perspective in Aker BP, and it is the tooling that we put into our work process, either digital or analog tooling. For example, alliances is a part of that way of executing work. We defined in 2022 when we approved the project mountain, or the set of project that are now being executed and in its final stages, that we had two basic priorities. The first one, to make sure that we had a system that was able to execute these projects.

Karl Hersvik
CEO | Aker BP

Key focus was on alliance development, it was on attention to details, it was on procurement and systems and structures and records and all the things that are necessary to get these projects executed. At the same time, making sure that we had 100% view on operational excellence, and no events that caused a disturbance to cash flow, either from a safety or quality perspective. That colored our execution for the last four years. Now we have a lot of experience that we are baking into the new model. That means that we are now organizing more around the tasks and less around the functions. We are making sure that all disciplines that are necessary to execute a task are co-localized.

Karl Hersvik
CEO | Aker BP

Of course, in the meantime, you have also seen the emergence of sophisticated artificial intelligence systems, which seem to lend itself better to a more outcome-based organization than a function-based organization. It is basically taking the next step in our productivity increase to make sure that we are positioned as well as we possibly can for the next phase of growth on the NCS. On Atlas and CCS, and yes, you are right, and I think I will say congratulations to the team. I think it is an honor to have that kind of funding from this kind of institution. CCS from us is basically an optionality. We consider this an option. We do not necessarily consider it the core part of our business. We are an upstream oil and gas company.

Karl Hersvik
CEO | Aker BP

But we do carry this kind of activity and we will execute it in a way that makes sure that is a capital efficient way of executing storage from that kind of perspective. Also note that this is a collaboration with Höegh LNG, so we are actually trying to solve the value chain problem here all the way back to the customer.

James Carmichael
Analyst | Berenberg

Thanks a lot.

Kjetil Bakken
Head of Investor Relations | Aker BP

All right. Then the next caller is Victoria McCulloch from RBC.

Victoria McCulloch
Analyst | RBC

Morning. Thanks very much for your time this morning. Can we start on Skarv and the ramp-up there? How has that compared to your expectations? It looks like it's in line, but where has production kind of come out so far, and where do you expect the plateau to get to on Skarv? We've discussed exploration a lot more the last couple of quarters, certainly, and the new alliances lean towards that. Your run rate on spending is, I guess when we look over the last few years, about $400 million-$500 million. Is that the right level would you think about going forward? There's obviously a long-standing plan with Equinor and Vår. But are you seeing any inflation to cost and exploration as it becomes a little bit more popular? Is there any creep up in that spending expected? Thanks very much.

Karl Hersvik
CEO | Aker BP

Yeah. Ramp-up on Skarv is, I would say, better than we expected. The rest of our performance of the satellite fields that are now put on stream has been, I would say, on the upside of at least my expectations. We are now capacity constrained on Skarv, meaning if you think of this as a plateau, quote unquote, we cannot process more gas across the Skarv FPSO than we do right now. That means that we do have two more wells that are not in production and will come in production during the next half a year or so, depending on capacity and availability of assets. I think that has been quite an incredible story. Congratulations to the Skarv team and the alliances. Startup is almost a year ahead of schedule.

Karl Hersvik
CEO | Aker BP

The complexity of that project, even though it is being very well executed and therefore little talked about, is actually quite high. Both modifications and subsea development is of a quite significant magnitude. I think at least I am extremely proud of the alliances and team that has been executing that. In terms of exploration, yes. It has been more talked about, I think that is right, but I do not think it has fundamentally changed the way we in Aker BP have viewed it. We have for a long time now used the APAs as a way of capturing optionality and capturing acreage on the Norwegian Continental Shelf. We are now the second-biggest owner of operated licenses. There is probably in the range of a little less than 1,000 prospects in that database.

Karl Hersvik
CEO | Aker BP

What we are doing now is that the combination between call it the ILX and the HIEC and also something we call CLX, which is basically compound lead exploration. You should probably assume that we will increase spending on exploration going forward. The total amount is yet to be determined, but I think that would be a fair assumption given the quality and the size of our opportunity, and given also the fact that we are moving focus away from the execution of the current set of field developments and into the development of the next set of value creation opportunities for Aker BP. For us, it is a strategy that we have been pursuing for a long time, but focus has been on execution and not exploration, for obvious reasons.

Victoria McCulloch
Analyst | RBC

Thanks very much.

Kjetil Bakken
Head of Investor Relations | Aker BP

Thank you. Then we have Teodor Sveen-Nilsen from SpareBank 1 Markets.

Teodor Sveen-Nilsen
Analyst | SpareBank 1 Markets

Good morning, and thanks for taking my questions. First all on Wisting, you and also Knut, you are communicating that you expect to take FID late next year. But as far as I remember, the status has been that we expect FID late next year for at least three years. So why has that taken so long time? Is it primarily taking down break even and where are we now in terms of break even? That is the first question. The second question, that is on your overall portfolio. You do currently have an overweight of oil in your portfolio. Given what you have seen in the gas market over the past six to 12 months, has your appetite for pursuing more gas assets increased? Thanks.

Karl Hersvik
CEO | Aker BP

I will do Wisting, and then you can talk about gas versus oil.

David Tønne
CFO | Aker BP

Yeah.

Karl Hersvik
CEO | Aker BP

On Wisting, I think you are absolutely right. It has been pushed to the right. The plan now is to do Concept Select late this year, and then a final investment decision in 2027, and you obviously saw the announcement where we have now, or the license have now chosen a feed contractor. In terms of break even, let me put it like this, Teodor. The current estimated break even is within what we would call an executable and investable project. Which also describes a little bit of why we have been spending some time making sure that the concept is right and the cost is an execution strategy, is catering for both a robust and a cost-efficient solution.

Teodor Sveen-Nilsen
Analyst | SpareBank 1 Markets

Sorry. Just one more on an executable project. Is that a break even below $50, $40, $60? Where are we?

Karl Hersvik
CEO | Aker BP

I do not think I will comment specifically, as that will of course change also and be modified all the way up to. But I think I will say that roughly we have said in Aker BP that somewhere in the range of around $40 is where we call an executable project. And this is within that range. So inside our decision guide-based criteria, this is now an executable project.

Teodor Sveen-Nilsen
Analyst | SpareBank 1 Markets

Thanks.

David Tønne
CFO | Aker BP

Gas?

Karl Hersvik
CEO | Aker BP

Gas.

David Tønne
CFO | Aker BP

Versus oil.

Karl Hersvik
CEO | Aker BP

Yeah.

David Tønne
CFO | Aker BP

I think you are correct, Teodor. We have been mostly an oil company for some years, with roughly 85% of our production oil and 15% gas. Over time, that will increase with the new projects coming on stream. So we expect roughly 25% gas when production from Yggdrasil and PWP Fenris has ramped up. When it comes to sort of preferences, I think there is some time ago we said when it came to exploration that we are happy if we find hydrocarbons and are not that focused on the face, so if it is oil versus gas. And then obviously as a CFO, I like high prices, and we have observed that gas have been priced very high in the market over the past few years.

David Tønne
CFO | Aker BP

But I think at the end of the day, we are focused on the industrial part of what we can do in Aker BP, and that is to find as much hydrocarbons as possible and develop that as efficiently as we can.

Teodor Sveen-Nilsen
Analyst | SpareBank 1 Markets

Okay. Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

Thank you. I think we have Victoria McCulloch again. Is that a hand that is still hanging from before, or do you have a follow-up, Victoria? Probably not.

Karl Hersvik
CEO | Aker BP

Sounds like an old hand.

Kjetil Bakken
Head of Investor Relations | Aker BP

So we will move on to Naish Cui from Barclays. Naish, the line is yours.

Naish Cui
Analyst | Barclays

Hi. Good morning, everyone. Thanks for taking my questions. I have two, please. The first one is I look at your leverage that has come down materially to 0.5x. I wonder what needs to happen for you to consider distribution above the ordinary dividend level once you move into 2027. My second question, I think about you previously talk about sustaining production around 500,000 barrels a day towards 2030. Karl, I just want to ask, what is the biggest uncertainty around sustaining that plateau? Thank you.

Karl Hersvik
CEO | Aker BP

You want to talk about leverage and dividends, and I will talk about production sustainment?

David Tønne
CFO | Aker BP

Yeah, that is fine. You are correct. Leverage is down, and that is of course, natural in the current oil price environment. When it comes to dividends, we have been quite clear with regards to our policy, where the main priority is to have a resilient dividend that grows over time. We have guided the dividend for this year. That is a 5% increase from last year. Then when it comes to further distributions, we will guide dividends for next year at our fourth quarter presentation in February. I think I will leave it at that.

Karl Hersvik
CEO | Aker BP

When it comes to production, if you do a little bit of a walkthrough and you start with the current date, obviously there is the existing production in Aker BP, including IOR wells and other asset improvement initiatives. Then you have the start-up of new projects in 2027 and ramp up into 2028. On top of that, there is what you could call a series of new field developments categorized into basically three classes. You have the small sub-tiebacks, small we will say, call it around 10 million barrels a piece. Then you have the tight, and you also have HPHT. Of course, these carry different risks. A lot of the basics that is called the existing production profile, the IOR measures, and also the ramp-up of the current portfolio project, where a lot of the wells are actually drilled, so we know how the subsurface looks.

Karl Hersvik
CEO | Aker BP

I would say it is fairly robust and carry relatively little risk. Then, of course, the new field developments yet to be decided carry a higher risk. I think the way I view this now is that the opportunity set is probably bigger than the risk set. There is a surprisingly high number of opportunities, meaning that we will probably have a better prioritization to do in the remaining of 2026 and 2027 to select the best opportunities. As of this point in time, I think that this statement, our 500,000 bbl into the 2030, is a fairly robust statement.

Naish Cui
Analyst | Barclays

Very helpful. Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

Then it looks like Teodor might have a follow-up question. Teodor, if you are there. Yes, you are.

Teodor Sveen-Nilsen
Analyst | SpareBank 1 Markets

Absolutely. I'm here. It's actually not a follow-up. It's a new question, and that is on Kjøttkake. I just noticed that your partner, DNO, said that you have taken FID on Kjøttkake. As far as I remember, you had operated during the development. Could you give us a reminder of the CapEx estimate for Kjøttkake and estimated first oil?

Karl Hersvik
CEO | Aker BP

Well, it's correct that we have now made a decision to invest in Kjøttkake, and the PDO will be submitted shortly. I think this is probably the last time you hear me talk about Kjøttkake. The new name is going to be Lyra, which is a lot better for our English-speaking audience. I can't remember the CapEx estimate off the top of my head. But $2.5?

David Tønne
CFO | Aker BP

It's roughly $20 to $25 per barrel.

Karl Hersvik
CEO | Aker BP

Yeah. Then multiply that by 37 bbl, I think is the reference case. The comment on the reference case, we have taken, this is a fast-track field development, so we will start up two years down the road, which probably means start up in 2027, 2028. Late 2027 or very early 2028, depending on rig availability and a few other topics. So it's two years from taking over the operatorship to start up production. So it's an extreme fast track. We have taken an FID decision on what I consider a relatively conservative reference case, which is the 37 million barrels referenced, and there's significant upside in occlusion to that case. For us, it is a test of how fast we can actually do these kind of subsea tiebacks at this kind of scale when pulling all the stops.

Karl Hersvik
CEO | Aker BP

It is fairly complex in terms of subsea tiebacks with three multilaterals, a template, and a tieback to Nova. But it is a fully standardized project. This is probably the first project I have been a part of where all the components are off the shelf.

Teodor Sveen-Nilsen
Analyst | SpareBank 1 Markets

So $25 per barrel on a 27 million barrels case and first oil in roughly two years.

Karl Hersvik
CEO | Aker BP

3.7.

Teodor Sveen-Nilsen
Analyst | SpareBank 1 Markets

Okay. Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

All right, then looks like James Carmichael from Berenberg has a follow-up.

James Carmichael
Analyst | Berenberg

Hi. Morning, guys. Thanks. Great news on Lyra. Also, just a quick one on Yggdrasil. You mentioned sort of underlying resource base of 800 million barrels and potential to go to over 1 billion based on, I guess, increased recovery, but also exploration. I am just wondering if you have got a view on the split there. How much could you actually sort of get from improved recovery and how much you will need to find? Thanks.

Karl Hersvik
CEO | Aker BP

Yeah. The 800 million barrels you are referencing is the current field development plan, including Øst Frigg. There is probably in the range of 200 million barrels, give or take, in terms of further potential in exploration to the east, meaning into the Frigg, old Frigg area. In addition to that, there will be additional exploration and additional IOR measures. I will say, though, that the drilling that has so far been done on Yggdrasil has proven the expected reserves with a slight upside.

James Carmichael
Analyst | Berenberg

Okay. Very clear. Thank you.

Kjetil Bakken
Head of Investor Relations | Aker BP

All right, then there are no further questions on the line. Just a small correction there. The Frigg area is to the west of Yggdrasil.

Karl Hersvik
CEO | Aker BP

It is to the west, of course. Did I say east?

Kjetil Bakken
Head of Investor Relations | Aker BP

Apart from that.

Kjetil Bakken
Head of Investor Relations | Aker BP

That is why-

Kjetil Bakken
Head of Investor Relations | Aker BP

All good.

Karl Hersvik
CEO | Aker BP

You are an award-winning team.

Kjetil Bakken
Head of Investor Relations | Aker BP

All right, I think we can close it up then.

Karl Hersvik
CEO | Aker BP

With that, thanks to Kjetil Bakken for correcting me, and then I need obviously geography lessons. Then thanks for all of you to listening in, and I wish you a good day, and welcome back to our Q4 presentation.