



Capital Markets Day

Aker BP experiences strong growth

Aker BP ASA ("AKER BP") increases reserves and maintains very good results in exploration, drilling and wells, projects and production. The company has a strong cash flow outlook and its robust balance sheet means freedom to manoeuvre. "We are positioned for further growth," says Aker BP CEO Karl Johnny Hersvik.

In 2016, Aker BP's production was 118,200 barrels of oil equivalents per day (boepd), about 80 per cent oil and 20 per cent gas. 2017 production is expected to increase to between 128,000 and 135,000 boepd, with an average production cost of 11 USD/boe. With the current portfolio, the company has the potential to produce 270,000 boepd in 2023 (from both sanctioned and non-sanctioned projects), representing a compound average growth rate of 12 percent.

The company's recorded P50 reserves have grown to 711 million boe at the end of 2016 and contingent resources were estimated at 600 million boe at year-end 2016, an increase of 84% from the previous year.

Aker BP has a robust balance sheet with USD 2.5 billion in available liquidity, providing the company with ample financial flexibility. At year-end 2016, the company's net interest-bearing debt was USD 2.5 billion. Aker BP plans investments (Capex) of USD 900-950 million in 2017. Exploration expenses (Expex) are expected to be between USD 280-300 million, while decommissioning expenditures (Decom) are estimated at USD 100-110 million in 2017.

Dividends

"I am very pleased with what the company has delivered during a period of low oil prices and challenging market conditions: Efficient operations with high operational uptime, the operated Ivar Aasen and Viper-Kobra developments delivered on time and budget, without serious incidents, and we discovered 24% of the total volumes on the Norwegian Continental Shelf in 2016," says Hersvik.

"Our financial muscles have been strengthened considerably following the merger. We launched a dividend policy in connection with the establishment of Aker BP which will be continued in 2017," says Hersvik.

The ambition is to sustain a dividend of minimum USD 250 million per year in the medium term and to increase the dividend level once Johan Sverdrup is in production.

Exploration

Aker BP's ambition is to be a leading exploration player on the Norwegian continental shelf and has an ambition to discover a net 250 million boe in the 2016 – 2020 period.

Last year, the projected net resource growth proved 83 million boe as a result of exploration activity. The company will continue its active exploration strategy in 2017 with four operated exploration wells and three partner-operated exploration wells on the programme.

Development

Ivar Aasen came on stream on Christmas Eve – on schedule and within the overall budget framework. In November last year, the company also announced start-up of production from Viper-Kobra, a subsea field tied in to the Alvheim FPSO. This project was also completed on time and on budget.

Over the course of 2017, the company plan to mature several projects, and to submit three PDOs (Plan for Development and Operation) to the Ministry of Petroleum and Energy (MPE). This relates to Snadd (subsea-tie-in to Skarv FPSO) with expected production start in 2020, Valhall West Flank with expected production start-up in 2021 and Storklakken (Subsea-tie-in to Alvheim FPSO), which is expected to start producing in 2020.

The company will have four operated rigs in 2017; Maersk Interceptor on the Aasen field and other locations thereafter, Transocean Arctic on Volund and Boa, start of drilling on Valhall IP and Valhall DP will resume plugging of wells using Maersk Invincible.

Production

The company is targeting further value creation from fields through IOR work, further development of the resource base and continuous improvement in efficiency and resource utilisation.

The company plans to drill a new infill well and a gas lift project at Tambar. These and the Oda tie-in project should contribute to increased future production in the Ula area. Preparations for a seven well drilling program from the Injection Platform (IP) on the Valhall field centre are planned in early 2017, and the plan is to drill a total of three of these wells in the course of 2017.

The work to start production from new Ivar Aasen wells continues, and drilling on the field is planned to resume in the first quarter. Production from Viper-Kobra, as well as infill wells at Volund and Boa should contribute to stable production output from Alvheim FPSO. On the Skarv FPSO, test production from Snadd will continue to provide in-depth information which will be included in the PDO we plan to submit during the autumn.

"The company is well-positioned for achieving our ambition of becoming the leading offshore, independent exploration and production (E&P) company," says Hersvik.

Information:

- A live webcast from Aker BP Capital Markets Day can be viewed today at www.akerbp.com from 13:00 CET
- The presentations will be made available at akerbp.com at 12:00 CET
- A replay of the Capital Markets Day will be available after the event

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About Aker BP:

Aker BP is a fully-fledged E&P company with exploration, development and production activities on the Norwegian Continental Shelf. Aker BP is the operator of Alvheim, Ivar Aasen, Skarv, Valhall, Hod, Ula and Tambar. The company is also a partner in the Johan Sverdrup field. Aker BP is headquartered at Fornebu, Norway, and is listed on the Oslo Stock Exchange under the ticker 'AKERBP'. More about Aker BP at www.akerbp.com.