

Q4 2017

QUARTERLY REPORT FOR
AKER BP ASA

FORNEBU, 2 FEBRUARY 2018



KEY EVENTS IN Q4 2017

- 24 October:** Aker BP entered into an agreement to acquire Hess Norge
- 27 October:** The Board declared a quarterly dividend of USD 0.185 per share to be paid in November
- 31 October:** A private placement of 22.4 million new shares was successfully completed, raising gross proceeds of NOK 4.1 billion
- 4 December:** Aker BP entered into an agreement to sell 10 percent interest in the Valhall and Hod fields to Pandion Energy
- 15 December:** On behalf of the respective partnerships, Aker BP submitted PDOs for the fields *Ærfugl*, Valhall Flank West and Skogul to Norwegian authorities
- 22 December:** The transactions with Hess and Pandion were completed, and a new USD 1.5 billion bank facility was tapped as part of the financing arrangements

KEY EVENTS AFTER THE QUARTER

- 15 January:** Aker BP reported preliminary year end 2P reserves of 913 mmboe and best estimate contingent resources of 785 mmboe
- 15 January:** The Board proposed USD 450 million in dividends for 2018 and stated a clear ambition to grow dividends by USD 100 million per year to 2021
- 16 January:** Aker BP was offered 23 new licences in the APA 2017 licensing round



SUMMARY OF FINANCIAL RESULTS

	Unit	Q4 2017	Q4 2016	2017	2016
Operating income	USDm	726	656	2 563	1 364
EBITDA	USDm	509	485	1 786	968
Net result	USDm	34	-67	275	35
Earnings per share (EPS)	USD	0.10	-0.20	0.81	0.15
Production cost per barrel	USD/boe	12	10	10	8
Depreciation per barrel	USD/boe	15	14	14	18
Cash flow from operations	USDm	543	320	2 155	896
Cash flow from investments	USDm	-2 192	-313	-3 059	-705
Total assets	USDm	12 019	9 255	12 019	9 255
Net interest-bearing debt (book value)	USDm	3 156	2 425	3 156	2 425
Cash and cash equivalents	USDm	233	115	233	115

SUMMARY OF PRODUCTION

	Unit	Q4 2017	Q4 2016	2017	2016
Alvheim (65%)	boepd	42 281	53 683	53 849	43 290
Bøyla (65%)	boepd	3 680	6 470	4 357	7 411
Gina Krog (3.3%)	boepd	1 712	-	798	-
Hod (37.5%)	boepd	472	596	530	150
Ivar Aasen (34.8%)	boepd	23 489	838	18 100	211
Skarv (23.8%)	boepd	21 403	30 040	26 680	7 551
Tambar / Tambar East (55.0%/46.2%)	boepd	949	2 070	1 941	520
Ula (80%)	boepd	5 982	5 057	6 466	1 271
Valhall (36.0%)	boepd	14 449	17 505	13 357	4 400
Vilje (46.9%)	boepd	4 767	6 221	5 304	6 599
Volund (65%)	boepd	16 292	3 462	7 342	5 027
Other	boepd	78	582	103	1 010
SUM	boepd	135 554	126 524	138 825	77 441
Oil price	USD/bbl	65	52	56	47
Gas price	USD/scm	0.26	0.19	0.21	0.18



SUMMARY OF THE QUARTER

Aker BP ASA (“the company” or “Aker BP”) reported total income of USD 726 (656) million in the fourth quarter of 2017. Production in the period was 135.6 (126.5) thousand barrels of oil equivalent per day (“mboepd”), realising an average oil price of USD 65 (52) per barrel, while gas revenues were recognized at market value of USD 0.26 (0.19) per standard cubic metre (scm). Production cost per barrel of oil equivalents (“boe”) was USD 11.8 (10.4).

EBITDA amounted to USD 509 (485) million in the quarter and EBIT was USD 305 (281) million. Net profit for the quarter was USD 34 (-67) million, translating into an EPS of USD 0.10 (-0.20). Net interest-bearing debt amounted to USD 3,156 (2,425) million per 31 December 2017.

The offshore activity level remained high in the fourth quarter, both with regards to drilling, maintenance and modifications. Overall, production was stable. Ivar Aasen contributed positively and reached plateau production level, one year ahead of original plan. Skarv production was negatively impacted by three shut-in wells, of which one was reinstated towards the end of the quarter, and by a pressure build-up test on the Ærfugl test producer.

On 7 December, a fatal accident took place on the drilling rig Maersk Interceptor while operating on the Tambar field. The root causes from this tragic accident will be duly followed up, learnings will be implemented and also shared with the industry.

On 15 December, the company submitted three Plans for Development and Operations (“PDO”) to the Norwegian authorities for the Ærfugl, Valhall Flank West and Skogul developments, with increased volumes and reduced CAPEX estimates compared to concept selection.

During the fourth quarter, Aker BP acquired Hess Norge AS (“Hess Norge”) for a cash consideration of USD 2.0 billion, plus working capital adjustments. The transaction included Hess Norge’s interests in the Valhall and Hod fields, and a tax loss carry forward with a nominal after tax value of USD 1.5 billion. Aker BP also sold 10 percent of Valhall and Hod to Pandion Energy. Following these transactions, Aker BP has 90 percent interest in both fields. In connection with the Hess Norge acquisition, the company raised approximately USD 500 million in new equity and secured a bank term loan for USD 1.5 billion. This loan will be repaid when the tax loss from Hess Norge is disbursed, which is expected in the second half of 2018.

In November, the company paid a quarterly dividend of USD 0.185 per share.

Forward-looking statements in this report reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future.

All figures are presented in USD unless otherwise stated, and figures in brackets apply to the corresponding period in the previous year. The full-year figures for 2016 are not directly comparable to 2017 as the merger with BP Norge AS was completed on 30 September 2016.

FINANCIAL REVIEW

Income statement

(USD million)	Q4 2017	Q4 2016
Operating income	726	656
EBITDA	509	485
EBIT	305	281
Pre-tax profit/loss	248	210
Net profit	34	-67
EPS (USD)	0.10	-0.20

Total income in the fourth quarter was USD 726 (656) million, higher than the fourth quarter 2016 mainly due to increased production and realized prices. Petroleum revenues amounted to USD 737 (542) million, while other income was USD -11 (114) million, primarily related to realized and unrealized gains and losses on commodity hedges.

Exploration expenses amounted to USD 56 (44) million in the quarter, reflecting dry hole costs, seismic costs, area fees and G&G activities. Production costs were USD 147 (121) million, equating to 11.8 (10.4) USD/boe, including shipping and handling of 2.9 (2.8) USD/boe. The increase from the fourth quarter 2016 is mainly driven by costs related to well repairs at Skarv. Other operating expenses amounted to USD 14 (5) million.

Depreciation amounted to USD 183 (160) million, corresponding to 14.7 (13.7) USD/boe. Impairments amounted to USD 21 (45) million, mainly related to an impairment on Gina Krog.

The company recorded an operating profit of USD 305 (281) million in the fourth quarter, higher than the fourth quarter 2016 primarily due to higher production volume and higher realized oil prices.

The net profit for the period was USD 34 (-67) million after net financial expenses of USD 57 (71) million and a tax expense of USD 214 (277) million, or 86 percent, mainly caused by a weaker NOK against the USD. Earnings per share were USD 0.10 (-0.20) based on the weighted average number of shares outstanding.

Statement of financial position

(USD million)	Q4 2017	Q4 2016
Goodwill	1 860	1 847
PP&E	5 582	4 442
Cash & cash equivalents	233	115
Total assets	12 019	9 255
Equity	2 989	2 449
Interest-bearing debt	3 389	2 541

Total intangible assets amounted to USD 3,843 (3,575) million, of which goodwill was USD 1,860 (1,847) million.

Property, plant and equipment increased to USD 5,582 (4,442) million. The main driver for the increase was the acquisition of Hess Norge, in addition to ordinary investments in development projects. Current tax receivables amounted to USD 1,586 (401) million at the end of the quarter, and is mainly related to a tax loss assumed through the Hess Norge acquisition, which is expected to be disbursed in the second half of 2018.

The group's cash and cash equivalents were USD 233 (115) million as of 31 December 2017. Total assets were USD 12,019 (9,255) million at the end of the quarter.

Equity amounted to USD 2,989 (2,449) million at the end of the quarter, corresponding to an equity ratio of 25 (26) percent. The increase in equity was mainly driven by an equity issue carried out in the fourth quarter 2017, raising net proceeds of USD 489 million.

Deferred tax liabilities increased to USD 1,307 (1,046) million and are detailed in note 7 to the financial statements.

Gross interest-bearing debt increased to USD 3,389 (2,541) million, consisting of the DETNOR02 bond of USD 230 million, the AKERBP Senior Note 2017 (17/22) of USD 392 million, the Reserve Based Lending ("RBL") facility of USD 1,271 million and the bank term loan of USD 1,496 million. This loan will be repaid when the tax loss from Hess Norge is disbursed.



Statement of cash flow

(USD million)	Q4 2017	Q4 2016
Cash flow from operations	543	320
Cash flow from investments	-2 192	-313
Cash flow from financing	1 796	-675
Net change in cash & cash eq.	147	-668
Cash and cash eq. EOQ	233	115

Net cash flow from operating activities was USD 543 (320) million. The change was mainly caused by increased profit before tax, and by fluctuations in working capital.

Net cash flow from investment activities was USD -2,192 (-313) million, of which investments in fixed assets amounted to USD 248 (244) million for the quarter, mainly reflecting capital expenditures ("CAPEX") on Ivar Aasen, Alvheim, Valhall/Hod, Ula/Tambar and Johan Sverdrup. Investments in intangible assets including capitalized exploration were USD 29 (62) million in the quarter and payment for decommissioning activities were USD 31 (7) million in the quarter.

Net disbursements related to the acquisition of Hess Norge amounted to USD 2,055 million, and the farm down of Valhall/Hod contributed with net cash of USD 171 million. Net cash flow from financing activities totaled USD 1,796 (-675) million, mainly reflecting the bridge facility of USD 1,496 million, net proceeds from the equity raise of USD 489 million, repayment of USD 130 million on the RBL and dividend disbursements of USD 62.5 million during the quarter.

Funding

At the end of the fourth quarter, the company had total available liquidity of USD 2.9 (2.5) billion, comprising of cash and cash equivalents of USD 232 (106) million and undrawn credit facilities of USD 2,670 (2,355) million.

In connection with the Hess acquisition, the company secured a USD 1.5 billion bank term loan from a consortium of five banks. The loan carries an interest of LIBOR + 1.5-2.0 percent and is secured against the shares in Hess Norge AS. This loan will be repaid when the tax loss from Hess Norge is disbursed, which is expected in the second half of 2018.

Also in connection with the Hess acquisition, the company raised NOK 4.1 billion through a private

placement of 22.4 million new shares. Aker ASA and BP Global Investments Limited subscribed for their respective 40 and 30 percent. The price per share was NOK 184 per share, consisting of a subscription price of NOK 182.5 per share and NOK 1.5 per share as payment for the associated right to cash dividend of USD 0.185 in November 2017. Following the private placement, total shares in Aker BP amount to 360.1 million.

Hedging

The company seeks to reduce the risk related to both foreign exchange rates, interest rates and commodity prices through hedging instruments. The company actively manages its exposures through a mix of forward contracts and options.

During the fourth quarter 2017, the company entered into new commodity hedges for 2018. These consist of put options with strike prices of 50 and 55 USD per barrel for approximately 13 percent of estimated 2018 oil production, corresponding to approximately 45 percent of the undiscounted after-tax value.

Subsequent to the end of the fourth quarter, the company has bought put options at a strike price of USD 60 per barrel for an additional 7 percent of estimated oil production for 2018. This increases the total hedging volume to 20 percent of estimated oil production for 2018, corresponding to approximately 70 percent of the undiscounted after-tax value.

Dividends

A quarterly dividend of USD 62.5 million, corresponding to USD 0.185 per share was disbursed on 9 November 2017.

At the Annual General Meeting in April 2017, the Board was authorized to approve the distribution of dividends based on the company's annual accounts for 2016 pursuant to section 8-2 (2) of the Norwegian Public Limited Companies Act.

The Board has proposed a dividend of USD 450 million in 2018 and stated a clear ambition to increase this by USD 100 million per year to 2021.

On 1 February 2018, the Board of Directors declared a quarterly dividend of USD 0.3124 per share, to be disbursed on or about 14 February 2018.

HEALTH, SAFETY AND THE ENVIRONMENT

HSE is always the number one priority in all of Aker BP's activities. The company ensures that all its operations, drilling campaigns and projects are carried out under the highest HSE standards.

On 7 December 2017, a fatal accident took place on the drilling rig Maersk Interceptor while operating on the Tambar field. The police, Petroleum Safety Authority (PSA) and Maersk Drilling with participation of Aker BP representatives are investigating the accident to understand the root causes. The final report is expected to be issued in early February 2018. The root causes from the incident will be duly followed up, learnings implemented and shared with the industry.

In the fourth quarter there was one process safety incident reported on Valhall, resulting in a spill of mud on the injection and drilling platform. The mud was contained and the incident investigated.

Process safety events and high potential incidents will remain focus areas in Aker BP's work with the risk and barrier processes. Development of a new software tool on managing barriers will be a part of this work.

Four notifications were sent to the PSA in the fourth quarter. The 2017 PSA audit program has been completed with no issues of notice of order to Aker BP.

OPERATIONAL REVIEW

Aker BP produced 12.5 (11.6) mmboe in the fourth quarter of 2017, corresponding to 135.6 (126.5) mboepd. The average realized oil price was USD 65 (52) per barrel, while gas revenues were recognized at market value of USD 0.26 (0.19) per standard cubic metre (scm).

Alvheim Area

PL203/088BS/036C/036D/150 (operator)

The producing fields Alvheim (65 percent), Volund (65 percent), Bøyla (65 percent) and Vilje (46.9 percent) are all tied back to the Alvheim FPSO.

Fourth quarter production from Alvheim area was approximately three percent down from previous quarter. This was partly a result of ordinary decline, but also impacted by two unplanned plant shutdowns.

Two new wells at the Boa drill centre have been drilled and completed in the fourth quarter, and will be put in operation during the first quarter 2018.

The production efficiency for the Alvheim area was 98 percent in the quarter.

Valhall Area

PL006B/033/033B (operator)

The Valhall area consists of the producing fields Valhall (35.95 percent) and Hod (37.5 percent). Following the completion of the transactions with Hess and Pandion (described elsewhere in this report), Aker BP's interest in Valhall and Hod has increased to 90 percent.

Production from the Valhall area increased in the fourth quarter, partly driven by flush production following a planned maintenance shutdown in the third quarter, and partly driven by new wells.

During the quarter, four parallel drilling and wells operations have been in progress. This activity resulted in some temporary planned well shutdowns. The Maersk Invincible rig continued the successful P&A campaign at Valhall with better than planned progress, while the IP rig drilling campaign progressed very well and two wireline crews were running production and abandonment well interventions.

The production efficiency for the Valhall area was 89 percent in the fourth quarter.



Ula Area

PL019/019B/065/300 (operator)

The Ula area consists of the producing fields Ula (80.0 percent), Tambar (55.0 percent) and Tambar East (46.2 percent). Tambar and Tambar East are tied back to the Ula facilities, together with the Repsol operated Blane field and the Faroe operated Oselvar field.

Production from the Ula area was slightly down in the fourth quarter. The reduction was caused by cyclic well performance, as well as downtime related to maintenance, Tambar drilling activities and equipment failure. The alternating water and gas (WAG) injection mode of these wells is expected to cause fluctuation in production volumes going forward.

The production efficiency for the Ula area was 61 percent in the quarter.

Skarv Area

PL159/212/212B/262 (operator)

The Skarv area consists of the Skarv producing field (23.84 percent). In addition, production from the Ærfugl (previously named Snadd) test producer is included in the Skarv volumes.

Production from the Skarv area was down 13 percent in the fourth quarter compared to the previous quarter. At the beginning of the quarter, three wells were shut in due to technical issues. One of these wells was successfully reinstated during the quarter. Aker BP plans to reinstate one or both of the remaining shut-in wells during first half of 2018. The company is also taking steps to prevent recurrence of these well failures elsewhere.

The Ærfugl test producer was restarted during the fourth quarter following extended pressure build up testing that was performed to obtain key reservoir data in support of the Ærfugl development.

The Ærfugl development was sanctioned and the Plan for Development and Operation (PDO) was submitted in December 2017.

The production efficiency for the Skarv area was 88 percent in the quarter, influenced by the before mentioned well failures and planned Ærfugl test producer pressure build up testing.

Ivar Aasen

PL001B/242/457 (operator)

Ivar Aasen (34.786 percent) delivered above planned production in the fourth quarter and reached plateau production level, one year ahead of original plan. The plant continued to perform well averaging 97.6 percent availability in the quarter. The overall production efficiency in the fourth quarter was 86.1 percent, impacted by Edvard Grieg and SAGE availability issues.

Gina Krog

PL029B/029C/048/303 (partner)

The Gina Krog field (3.3 percent) started production on 30 June 2017. The field has been developed with a fixed platform with living quarters and processing facilities. Oil from Gina Krog is exported with shuttle tankers while gas is exported via the Sleipner platform.

PROJECTS

Johan Sverdrup Unit

PL265/501/502 (partner)

Phase 1 of the Johan Sverdrup (11.5733 percent) development project is progressing according to plan towards production start-up by the end of 2019. Phase 1 consists of a field centre with four fixed platforms, three subsea templates, oil and gas export pipelines, power from shore and 36 production and injection wells.

At the end of the fourth quarter, approximately 80 percent of the Phase 1 facilities construction is complete. The construction and onshore commissioning of the riser platform at Samsung in Korea is in the final stages before module transport to Norway and traditional heavy lift installation offshore in the spring (Heerema). The

onshore hook up and commissioning of the drilling platform at Aibel in Haugesund is progressing well, preparing for offshore installation in the summer of 2018 by Pioneering Spirit (Allseas).

After a successful completion of the eight pre-drilled production wells and a four well pilot/appraisal campaign for further improvement of reservoir definition, nine out of 10 planned pre-drilled water injection wells have been completed for injection.

The front end engineering and design ("FEED") is nearly complete for the Phase 2 installations, aiming for a high engineering maturity level prior to the final investment decision and PDO for Phase 2 scheduled

for the second half of 2018. Phase 2 production start is expected in 2022. Phase 2 includes 28 additional production and injection wells in the peripheral parts of the Johan Sverdrup oil field, increasing the total number of wells to 64.

Phase 2 also includes an increased production capacity on a fifth platform at the field centre, taking the production capacity from 440,000 to 660,000 barrels of oil per day. Phase 2 includes increased power-from-shore capacity, which will allow Johan Sverdrup to supply also the surrounding fields Ivar Aasen, Edvard Grieg and Gina Krog with power.

The operator's Phase 1 CAPEX estimate, last updated in the third quarter 2017, was NOK 92 billion (nominal at project currency), which is more than NOK 30 billion (25 percent) lower than at PDO in 2015. The CAPEX estimate for Phase 2 is NOK 40 – 55 billion, which is approximately half the cost estimated for Phase 2 when the PDO for Phase 1 was submitted in 2015.

The operator estimates the Johan Sverdrup reserves at between 2.0 and 3.0 billion barrels of oil equivalents (boe) and the full field break-even oil price lower than USD 25 per boe.

Valhall Flank West

PL006B/033/033B (operator)

The Valhall Flank West project will be developed out of the Tor Formation at the western flank of the Valhall field. Valhall is a chalk type reservoir located in the southern area of the Norwegian North Sea. The project was sanctioned and PDO submitted in December 2017. The FEED has already been delivered and the project is experiencing a seamless transition into detailed engineering. Production start is planned for fourth quarter 2019.

Valhall Flank North Water Injection

PL006B/033/033B (operator)

The Valhall Flank North platform is located to the north of the Valhall complex in 72 meter water depth. A project is currently being matured to expand capability for water injection to the northern basin drainage area, thus securing the Valhall base production through enabling water injection to existing depleted producers and offering a potential for increased reserves recovery from Valhall of 6-8 mmboe (gross). The project is in the process of being sanctioned during first quarter 2018, and the plan is to drill the injector in fourth quarter 2018 and commence injection in second quarter 2019.

North of Alvheim and Askja-Krafla (NOAKA)

PL442/026B/364 (operator) and PL272 (partner)

The North of Alvheim and Askja-Krafla (NOAKA) area consists of the discoveries Frigg Gamma Delta, Langfjellet, Frøy, Fulla, Frigg, Rind and Askja-Krafla. Gross resources in the area are estimated to be in excess of 500 mmboe. The concept studies for the area development is a shared initiative between the partners in the licences.

With limited infrastructure available in the area, the goal is to develop an economically robust area solution, which can tie-in area discoveries and open up for new exploration upsides. The area development solution is likely to include subsea structures and unmanned/ normally unmanned installations on the individual reservoirs based on their size and complexity. Aker BP's assessment of NOAKA is that the development concept should facilitate for the highest area resource recovery. A concept selection decision is planned in the first quarter 2018.

Skogul

PL460 (operator)

Skogul (previously known as Storklakken) will be developed with a single multilateral production well tied back to the Vilje field, utilizing the existing pipeline from Vilje to the Alvheim FPSO. The project was sanctioned and PDO submitted in December 2017. First oil is expected in 2020.

Ærfugl

PL162/159/212/212B (operator)

In December 2017, Aker BP on behalf of the joint venture partners submitted a PDO for the Ærfugl field (previously known as Snadd), including Snadd Outer.

The field will be developed in two phases. The first phase includes three new production wells in the southern part of the field tied into the Skarv FPSO via a trace heated pipe-in-pipe flowline, in addition to the existing A-1 H well. Production is planned to begin in late 2020.

The second phase is subject to further maturation, but the reference case includes two additional wells in the northern part of the field and one in Snadd Outer also tied into the Skarv FPSO with an estimated production start in 2023. Other alternatives will be looked at to select the optimized concept.

The total remaining reserves for the full-field development are estimated at approximately 275 million barrels of oil equivalents.



Total investments in the *Ærfugl* project are estimated at NOK 8.5 billion (real terms) with NOK 4.5 billion in the first phase and NOK 4.0 billion in the second phase (reference case) respectively.

Aker BP has on behalf of the *Ærfugl* partners entered into field development contracts with Subsea 7 for Subsea Umbilical Riser Flowline (SURF) and with Aker Solutions for Subsea Production System (SPS). The *Ærfugl* project will be organized and executed according to Aker BP's alliance model.

Tambar Development

PL065 (operator)

Tambar is a satellite field to Ula. Aker BP is currently executing a development project at Tambar which will add two production wells to the field and modify facilities to provide gas lift from the Ula field for both new and existing Tambar wells. The drilling operations started in October 2017 and will be completed during the first quarter 2018. The offshore facility modifications are ongoing in accordance with the overall plan. The first well is scheduled to be brought in production in

February, and the second well in April. The gas lift facilities for the Tambar wells are expected to be ready around fourth quarter 2018.

Oda

PL405 (partner)

The Oda field is being developed with a subsea template tied back to the Aker BP operated Ula field centre via the existing Oselvar infrastructure. The project involves two production wells and one water injector. Aker BP performs the required facility modifications to receive production from and provide injection water to Oda. Oda's recoverable reserves are estimated at 48 mmbce (gross). Natural gas from Oda will support Ula development strategy in provision of gas for the water alternating gas (WAG) injection regime. The PDO was approved by the Ministry of Petroleum and Energy in May 2017. Total investments for Oda are estimated to NOK 5.4 billion. Offshore execution of facility modifications on the Ula field centre to be ready to receive Oda production is ongoing. First oil from Oda is expected in 2019.

EXPLORATION

During the quarter, the company's cash spending on exploration was USD 65 million. USD 56 million was recognized as exploration expenses in the period, relating to dry wells, seismic, area fees and G&G costs.

Drilling of the Hufsa prospect in PL533 (Aker BP 35 percent) in the Barents Sea was completed in November. The well encountered a total gas column of 22 metres. Preliminary estimates indicate that the size of the discovery is less than 0.5 BCM of recoverable gas, and the assessment is that the discovery is not profitable.

After completing the Hufsa well, the rig moved on to drill the Hurri prospect in the same license. Hurri was completed in January 2018 as a dry well. A dry exploration well was also drilled in the Gina Krog unit (Aker BP 3.3 percent) in the quarter.

On 16 January 2018, the Norwegian Ministry of Petroleum and Energy announced the results of the APA 2017 licensing round. Aker BP was awarded 23 new exploration licenses, of which 14 as operator.

BUSINESS DEVELOPMENT

On 24 October 2017, Aker BP entered into an agreement to acquire Hess Norge for a cash consideration of USD 2.0 billion, with effective date 1 January 2017. Through this transaction, Aker BP assumed Hess Norge's interests in the fields Valhall (64.05 percent) and Hod (62.5 percent), and Hess Norge's tax position which included a tax loss carry forward with a net nominal after-tax value of USD 1.5 billion (as booked in Hess Norge's 2016 annual accounts).

On 4 December 2017, Aker BP entered into an agreement to sell 10 percent interest in the Valhall and Hod fields to Pandion Energy for a cash consideration of USD 170 million.

The transactions with Hess and Pandion were completed on 22 December, following approval by all relevant authorities. After these transactions, Aker BP holds 90 percent interest in both Valhall and Hod.

During the quarter, Aker BP transferred its share in the shut-down Jotun field to ExxonMobil.

OUTLOOK

The company continues to build on a strong platform for further value creation through safe operations, an effective business model built on lean principles, technological competence and industrial cooperation to secure long term competitiveness.

Going forward, the company will continue to selectively pursue growth opportunities which will enhance production and increase dividend capacity. A quarterly dividend of USD 0.3124 per share is scheduled to be paid in February. This represents a total dividend for 2018 of USD 450 million. The board's intention is to increase the dividend level by USD 100 million each year until 2021.

The company will have five rigs in operation in the first quarter 2018. Operations include infill drilling Tambar, production drilling at Ivar Aasen, production and P&A activity at Valhall and exploration drilling in the North Sea and Norwegian Sea. In total, Aker BP plans to participate in a total of 12 (7 operated) exploration wells in 2018, half of which are in the Barents Sea.

The company has a robust balance sheet, providing the company with ample financial flexibility going forward.

The company expects 2018 production to be 155-160 mboepd with a production cost of approximately 12 USD/boe. 2018 CAPEX is expected to be around USD 1.3 billion. Guidance for 2018 exploration expenditures is USD 350 million, while total cash spend on decommissioning is also expected to be around USD 350 million.





FINANCIAL STATEMENTS WITH NOTES



INCOME STATEMENT (Unaudited)

(USD 1 000)	Note	Group			
		Q4		01.01.-31.12.	
		2017	2016	2017	2016
Petroleum revenues	2	737 204	541 550	2 575 654	1 260 803
Other income	2	-11 210	114 074	-12 721	103 326
Total income		725 994	655 624	2 562 933	1 364 129
Exploration expenses	4	56 181	44 281	225 702	147 453
Production costs		147 076	121 139	523 379	226 818
Depreciation	6	183 138	159 796	726 670	509 027
Impairments	5, 6	21 111	44 627	52 349	71 375
Other operating expenses		13 549	5 029	27 606	21 993
Total operating expenses		421 055	374 872	1 555 705	976 665
Operating profit/loss		304 940	280 752	1 007 228	387 464
Interest income		2 991	2 887	7 716	5 795
Other financial income		18 298	20 625	75 507	42 871
Interest expenses		15 230	20 229	103 627	82 161
Other financial expenses		62 585	73 855	175 696	63 515
Net financial items	7	-56 526	-70 572	-196 100	-97 011
Profit/loss before taxes		248 413	210 180	811 128	290 453
Taxes (+)/tax income (-)	8	214 377	277 183	536 340	255 482
Net profit/loss		34 036	-67 003	274 787	34 971
Weighted average no. of shares outstanding basic and diluted		347 465 957	337 737 071	340 189 283	236 582 807
Basic and diluted earnings/loss(-) USD per share		0.10	-0.20	0.81	0.15

STATEMENT OF COMPREHENSIVE INCOME

(USD 1 000)	Note	Group			
		Q4		01.01.-31.12.	
		2017	2016	2017	2016
Profit/loss for the period		34 036	-67 003	274 787	34 971
Items which will not be reclassified over profit and loss (net of taxes)					
Actuarial gain/loss pension plan		-1	-	-1	-
Items which may be reclassified over profit and loss (net of taxes)					
Currency translation adjustment		25 524	-	25 167	-59
Total comprehensive income in period		59 558	-67 003	299 953	34 911



STATEMENT OF FINANCIAL POSITION (Unaudited)

(USD 1 000)	Note	Group		
		31.12.2017	31.12.2016	
ASSETS				
Intangible assets				
Goodwill	6	1 860 126	1 846 971	
Capitalized exploration expenditures	6	365 417	395 260	
Other intangible assets	6	1 617 039	1 332 813	
Tangible fixed assets				
Property, plant and equipment	6	5 582 493	4 441 796	
Financial assets				
Long-term receivables		40 453	47 171	
Long-term derivatives	12	12 564	-	
Other non-current assets		8 398	12 894	
Total non-current assets		9 486 491	8 076 905	
Inventories				
Inventories		75 704	69 434	
Receivables				
Accounts receivable		99 752	170 000	
Tax receivables	8	1 586 006	400 638	
Other short-term receivables	9	535 518	422 932	
Short-term derivatives	12	2 585	-	
Cash and cash equivalents				
Cash and cash equivalents	10	232 504	115 286	
Total current assets		2 532 069	1 178 290	
TOTAL ASSETS		12 018 560	9 255 196	

STATEMENT OF FINANCIAL POSITION (Unaudited)

(USD 1 000)	Note	Group	
		31.12.2017	31.12.2016
EQUITY AND LIABILITIES			
Equity			
Share capital		57 056	54 349
Share premium		3 637 297	3 150 567
Other equity		-705 756	-755 709
Total equity		2 988 596	2 449 207
Non-current liabilities			
Deferred taxes	8	1 307 148	1 045 542
Long-term abandonment provision	16	2 775 622	2 080 940
Provisions for other liabilities	11	152 418	218 562
Long-term bonds	14	622 039	510 337
Long-term derivatives	12	13 705	35 659
Other interest-bearing debt	15	1 270 556	2 030 209
Current liabilities			
Trade creditors		32 847	88 156
Accrued public charges and indirect taxes		27 949	39 048
Tax payable	8	351 156	92 661
Short-term derivatives	12	7 691	5 049
Short-term abandonment provision	16	268 262	75 981
Short-term interest-bearing debt	15	1 496 374	-
Other current liabilities	13	704 197	583 844
Total liabilities		9 029 964	6 805 988
TOTAL EQUITY AND LIABILITIES		12 018 560	9 255 196



STATEMENT OF CHANGES IN EQUITY - GROUP (Unaudited)

(USD 1 000)	Share capital	Share premium	Other equity				Total other equity	Total equity		
			Other paid-in capital	Other comprehensive income		Retained earnings				
				Actuarial gains/(losses)	Foreign currency translation reserves*					
Equity as of 31.12.2016	54 349	3 150 567	573 083	-88	-115 550	-1 213 154	-755 709	2 449 207		
Dividend distributed	-	-	-	-	-	-187 500	-187 500	-187 500		
Profit/loss for the period 01.01.2017 - 30.09.2017	-	-	-	-	-356	240 751	240 395	240 395		
Equity as of 30.09.2017	54 349	3 150 567	573 083	-88	-115 907	-1 159 903	-702 814	2 502 102		
Equity issue	2 706	491 180	-	-	-	-	-	493 886		
Transaction costs, equity issue	-	-4 451	-	-	-	-	-	-4 451		
Dividend distributed	-	-	-	-	-	-62 500	-62 500	-62 500		
Profit/loss for the period 01.09.2017 - 31.12.2017	-	-	-	-1	25 524	34 036	59 558	59 558		
Equity as of 31.12.2017	57 056	3 637 297	573 083	-89	-90 383	-1 188 366	-705 756	2 988 596		

* The main part of the foreign currency translation reserve arose as a result of the change in functional currency in Q4 2014.

STATEMENT OF CASH FLOW (Unaudited)

(USD 1 000)	Note	2017	2016	Group	
				Q4	01.01.-31.12.
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/loss before taxes		248 413	210 180	811 128	290 453
Taxes paid during the period		-67 024	-	-101 115	-1 419
Tax refund during the period		140 913	129 278	404 704	212 944
Depreciation	6	183 138	159 796	726 670	509 027
Net impairment losses	5, 6	21 111	44 627	52 349	71 375
Accretion expenses	7, 16	32 407	29 285	129 619	47 977
Interest expenses	7	32 539	42 693	156 704	160 808
Interest paid		-31 716	-52 316	-145 940	-161 634
Changes in derivatives	2, 7	33 107	43 548	-34 461	10 408
Amortized loan costs	7	6 336	5 672	36 900	17 915
Gain on change of pension scheme		-	-115 616	-	-115 616
Amortization of fair value of contracts	11	4 398	-	11 728	-
Expensed capitalized dry wells	4, 6	19 246	7 968	75 401	51 669
Changes in inventories, accounts payable and receivables		-63 673	-225 400	-7 583	-317 488
Changes in abandonment liabilities through income statement		-27	-1 131	-27	-1 131
Changes in other current balance sheet items		-16 218	41 609	39 414	120 365
NET CASH FLOW FROM OPERATING ACTIVITIES		542 949	320 192	2 155 491	895 652
CASH FLOW FROM INVESTMENT ACTIVITIES					
Payment for removal and decommissioning of oil fields	16	-31 094	-6 743	-85 733	-12 237
Disbursements on investments in fixed assets	6	-248 303	-244 267	-977 462	-935 755
Acquisitions of companies (net of cash acquired)		-2 055 033	-	-2 055 033	423 990
Cash received from sale of licenses		170 959	-	170 959	-
Disbursements on investments in capitalized exploration expenditures and other intangible assets	6	-28 523	-62 034	-111 724	-181 492
NET CASH FLOW FROM INVESTMENT ACTIVITIES		-2 191 994	-313 045	-3 058 994	-705 494
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of long-term debt		-130 000	-612 825	-777 911	-612 825
Repayment of bond (DETNOR03)		-	-	-330 000	-
Net cash received from issuance of new shares		489 436	-	489 436	-
Net proceeds from issuance of debt		1 498 885	-	1 886 885	512 013
Paid dividend		-62 500	-62 500	-250 000	-62 500
NET CASH FLOW FROM FINANCING ACTIVITIES		1 795 820	-675 325	1 018 410	-163 312
Net change in cash and cash equivalents		146 776	-668 178	114 906	26 846
Cash and cash equivalents at start of period		80 764	785 622	115 286	90 599
Effect of exchange rate fluctuation on cash held		4 965	-2 158	2 312	-2 158
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	232 504	115 286	232 504	115 286
SPECIFICATION OF CASH EQUIVALENTS AT END OF PERIOD					
Bank deposits and cash		231 506	106 369	231 506	106 369
Restricted bank deposits		998	8 917	998	8 917
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	232 504	115 286	232 504	115 286



NOTES

(All figures in USD 1 000 unless otherwise stated)

These interim financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS") IAS 34 "Interim Financial Reporting", thus the interim financial statements do not include all information required by IFRS and should be read in conjunction with the group's annual financial statement as at 31 December 2016. The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. These interim financial statements have not been subject to review or audit by independent auditors.

These interim financial statements were authorised for issue by the Company's Board of Directors on 1 February 2018.

The acquisition of Hess Norge AS was completed on 22 December 2017. The transaction date for accounting purposes has been set to 31 December 2017, as the impact on the income statement from the period between 22 and 31 December is deemed immaterial, except for certain currency impacts which have been reflected in the financial statements. See note 3 for more information regarding the acquisition.

The acquisition of BP Norge AS was completed on 30 September 2016. Year to date income statement figures for 2016 are therefore not directly comparable as they partly represent Aker BP prior to the acquisition of BP Norge AS.

Note 1 Accounting principles

The accounting principles used for this interim report are consistent with the principles used in the group's annual financial statements as at 31 December 2016. There are no new standards effective from 1 January 2017.

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at 31 December 2016.

Note 2 Income

	Group			
	Q4	2016	01.01.-31.12.	2016
Breakdown of petroleum revenues (USD 1 000)				
Recognized income liquids	625 187	459 730	2 183 069	1 120 094
Recognized income gas	106 577	76 684	369 694	128 436
Tariff income	5 440	5 136	22 891	12 274
Total petroleum revenues	737 204	541 550	2 575 654	1 260 803
Breakdown of produced volumes (barrels of oil equivalent)				
Liquids	9 847 526	9 076 017	39 634 824	23 830 388
Gas	2 623 436	2 563 841	11 036 406	4 512 648
Total produced volumes	12 470 962	11 639 859	50 671 230	28 343 036
Other income (USD 1 000)				
Realized gain/loss (-) on oil derivatives	-2 549	1 497	-7 440	30 199
Unrealized gain/loss (-) on oil derivatives	-5 563	-2 963	-6 510	-46 399
Other income*	-3 098	115 540	1 230	119 526
Total other income	-11 210	114 074	-12 721	103 326

* For 2017 the amount is mainly related to sale of licenses, while for 2016 it mainly relates to gain on settlement of defined benefit scheme in BP Norge AS.



Note 3 Business combination

On 22 December 2017, Aker BP finalized the acquisition of 100 per cent of the shares in Hess Norge AS. The transaction was announced on 24 October 2017, and was financed by the issuance of USD 0.5 billion in new share capital and a new loan facility of USD 1.5 billion. The main reason for the acquisition was to give Aker BP a deeper exposure to one of its core areas and thereby to pursue upsides more aggressively.

The acquisition date for accounting purposes has been set to 31 December 2017, as the period between 22 December and 31 December 2017 has immaterial impact on the income statement, except for certain currency impacts which have been reflected in the financial statements. For tax purposes, the effective date was 1 January 2017. The acquisition is regarded as a business combination and has been accounted for using the acquisition method of accounting in accordance with IFRS 3. A purchase price allocation (PPA) has been performed to allocate the consideration to fair value of assets and liabilities of Hess Norge AS. The PPA is performed as of the acquisition date.

Each identifiable asset and liability is measured at its acquisition date fair value based on guidance in IFRS 13. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition emphasizes that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, the group uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. Acquired property, plant and equipment as well as intangible assets (value of licenses) have been valued using the income approach.

Accounts receivable are recognized at gross contractual amounts due, as they relate to large and credit-worthy customers. Historically, there has been no significant uncollected accounts receivable in Hess Norge AS.

The recognized amounts of assets and liabilities assumed as at the date of the acquisition were as follows:

(USD 1 000)	31.12.2017
Other intangible assets	507 640
Deferred tax assets	699
Property, plant and equipment	1 076 337
Inventories	15 377
Accounts receivable	41 673
Other short-term receivables	65 077
Tax receivables	1 558 574
Cash and cash equivalents	21 231
Total assets	3 286 608
Long-term abandonment provision	1 004 232
Provisions for other liabilities*	85 963
Trade creditors	6 575
Accrued public charges and indirect taxes	3 869
Tax payable	17 518
Short-term abandonment provision	182 806
Other current liabilities	91 311
Total liabilities	1 392 274
Total identifiable net assets at fair value	1 894 334
Consideration paid on acquisition	2 076 264
Goodwill arising on acquisition**	181 930

* The amount arises from a committed rig contract where the contractual terms were different from the current market terms at the time of acquisition at 22 December 2017. The fair value is based on the difference between market price and contract price.

** No part of the goodwill will be deductible for tax purposes.

The entire amount of goodwill recognized in the transaction relates to the requirement to recognize deferred tax assets and liabilities for the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed in a business combination. Licences under development and licences in production can only be sold in a market after tax, based on a decision made by the Norwegian Ministry of Finance pursuant to the Petroleum Taxation Act Section 10. The assessment of fair value of such licences is therefore based on cash flows after tax. Nevertheless, in accordance with IAS 12 Sections 15 and 19, a provision is made for deferred tax corresponding to the tax rate multiplied with the difference between the acquisition cost and the tax base. The offsetting entry to this deferred tax is goodwill. Hence, goodwill arises as a technical effect of deferred tax ("technical goodwill").

The above valuation is based on currently available information about fair values as of the acquisition date. If new information becomes available within 12 months from the acquisition date, the group may change the fair value assessment in the PPA, in accordance with guidance in IFRS 3.



Note 4 Exploration expenses

Breakdown of exploration expenses (USD 1 000)	Group			
	Q4	2016	2017	01.01.-31.12.
	2017	2016	2017	2016
Seismic	9 637	18 316	53 283	29 321
Area fee	4 363	4 036	16 589	13 291
Dry well expenses*	19 246	7 968	75 401	51 669
Other exploration expenses	22 935	13 961	80 429	53 171
Total exploration expenses	56 181	44 281	225 702	147 453

* Mainly related to Hufsa and Hurri wells.

Note 5 Impairments

Impairment testing

Impairment tests of individual cash-generating units are performed when impairment triggers are identified, and for goodwill impairment is tested at least annually. In Q4 2017, two categories of impairment tests have been performed:

- Impairment test of fixed assets and related intangible assets, other than goodwill
- Impairment test of goodwill

Impairment is recognized when the book value of an asset or a cash-generating unit, including associated goodwill, exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For assets and goodwill in the group prior to the acquisition of BP Norge AS, the impairment testing has been based on value in use, consistent with the impairment testing prior to the acquisition of BP Norge AS. For assets and goodwill recognized in relation to the acquisition of BP Norge AS and Hess Norge AS, the impairment testing has been based on fair value. For both value in use and fair value, the impairment testing is performed based on discounted cash flows. The expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC) for a market participant. Cash flows are projected for the estimated lifetime of the fields, which may exceed periods greater than five years. If not specifically stated otherwise, the same assumptions have been applied for value in use and fair value testing.

For producing licences and licences in the development phase, recoverable amount is estimated based on discounted future after tax cash flows. Below is an overview of the key assumptions applied for impairment testing purposes as of 31 December 2017.

Prices

The nominal oil price based on the forward curve applied in the impairment test is as follows:

Year	USD/BOE
2018	65.2
2019	60.2
2020	56.3
From 2021 (in real terms)	65.0

Reserves

Future cash flows are calculated on the basis of expected production profiles and estimated proven and probable remaining reserves. The recoverable amount is sensitive to changes in reserves.

Discount rate

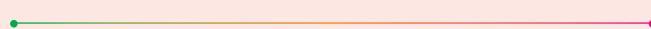
For value in use testing, the post tax nominal discount rate used is 7.5 per cent. For fair value testing, an additional premium is added to the 7.5 per cent rate in order to reflect the additional risk in the related cash flows.

Currency rates

Year	USD/NOK
2018	8.10
2019	8.00
2020	7.92
From 2021	7.75

Inflation

The long-term inflation rate is assumed to be 2.5 per cent.



Impairment testing of assets other than goodwill

The impairment test of assets other than goodwill has been performed prior to the quarterly goodwill impairment test. If these assets are found to be impaired, their carrying value will be written down before the impairment test of goodwill. The carrying value of the assets is the sum of tangible assets and intangible assets as of the assessment date.

Below is an overview of the impairment charge and the carrying value per cash generating unit where impairment has been recognized in Q4 2017:

Cash-generating unit (USD 1 000)	Impairment charged/reversal		Recoverable amount/ carrying value
	Intangible	Tangible	
Gina Krog	-	19 732	126 401
Other CGU's	-	1 379	-
Total	-	21 111	126 401

Impairment testing of technical goodwill

The calculation shows that no impairment charge of technical goodwill is needed. Previous impairment of technical goodwill in 2017 amounted to USD 29.2 million.



Note 6 Tangible fixed assets and intangible assets

TANGIBLE FIXED ASSETS - GROUP

(USD 1 000)	Assets under development	Production facilities including wells	Fixtures and fittings, office machinery	Total
Book value 31.12.2016	907 108	3 501 908	32 779	4 441 796
Acquisition cost 31.12.2016	908 674	4 950 566	56 137	5 915 377
Additions	544 803	193 543	32 429	770 775
Disposals	24 160	29 546	1 531	55 237
Reclassification	-174 479	234 363	6 351	66 235
Acquisition cost 30.09.2017	1 254 838	5 348 926	93 386	6 697 150
Accumulated depreciation and impairments 31.12.2016	1 566	1 448 659	23 357	1 473 582
Depreciation	-	464 340	8 559	472 899
Impairment	-6	-	128	121
Retirement/transfer depreciations	6	-29 546	-1 531	-31 071
Accumulated depreciation and impairments 30.09.2017	1 566	1 883 452	30 513	1 915 532
Book value 30.09.2017	1 253 272	3 465 473	62 873	4 781 618
Acquisition cost 30.09.2017	1 254 838	5 348 926	93 386	6 697 150
Acquisition of Hess Norge AS	-	1 076 337	-	1 076 337
Additions*	250 006	-322 881	10 972	-61 902
Disposals**	9 169	59 367	-	68 536
Reclassification	-14 987	14 786	-13	-213
Acquisition cost 31.12.2017	1 480 689	6 057 801	104 346	7 642 835
Accumulated depreciation and impairments 30.09.2017	1 566	1 883 452	30 513	1 915 532
Depreciation	-	157 839	4 825	162 664
Impairment	-	21 111	-	21 111
Retirement/transfer depreciations	-1 566	-37 398	-	-38 964
Accumulated depreciation and impairments 31.12.2017	-	2 025 004	35 338	2 060 342
Book value 31.12.2017	1 480 689	4 032 797	69 007	5 582 493

* The negative addition is caused by decreased abandonment provision during the quarter.

** The disposal is mainly related to the sale of 10 per cent share in Valhall/Hod.

Capitalized exploration expenditures are reclassified to "Fields under development" when the field enters into the development phase. If development plans are subsequently re-evaluated, the associated costs remain in assets under development and are not reclassified back to exploration assets. Fields under development are reclassified to "Production facilities" from the start of production. Production facilities, including wells, are depreciated in accordance with the Unit of Production Method. Office machinery, fixtures and fittings etc. are depreciated using the straight-line method over their useful life, i.e. 3 - 5 years. Removal and decommissioning costs are included as production facilities or fields under development.



INTANGIBLE ASSETS - GROUP

(USD 1 000)	Other intangible assets Licences etc.	Software	Total	Exploration wells	Goodwill
Book value 31.12.2016	1 332 534	279	1 332 813	395 260	1 846 971
Acquisition cost 31.12.2016	1 575 203	7 501	1 582 705	395 260	2 720 835
Additions	156	-	156	83 046	
Disposals/expensed dry wells	10 978	-	10 978	56 155	9 943
Reclassification	-11	-	-11	-66 224	-
Acquisition cost 30.09.2017	1 564 371	7 501	1 571 872	355 926	2 710 892
Accumulated depreciation and impairments 31.12.2016	242 670	7 223	249 892	-	873 864
Depreciation	70 422	211	70 633	-	-
Impairment	1 956	-	1 956	-	29 161
Retirement/transfer depreciations	-10 120	-	-10 120	-	-9 619
Accumulated depreciation and impairments 30.09.2017	304 928	7 433	312 361	-	893 406
Book value 30.09.2017	1 259 443	68	1 259 511	355 926	1 817 486
Acquisition cost 30.09.2017	1 564 371	7 501	1 571 872	355 926	2 710 892
Acquisition of Hess Norge AS	507 640	-	507 640	-	181 930
Additions	-	-	-	28 523	-
Disposals/expensed dry wells*	138 770	-	138 770	19 246	153 848
Reclassification	-	-	-	213	-
Acquisition cost 31.12.2017	1 933 241	7 501	1 940 742	365 417	2 738 973
Accumulated depreciation and impairments 30.09.2017	304 928	7 433	312 361	-	893 406
Depreciation	20 440	34	20 474	-	-
Impairment	-	-	-	-	-
Retirement/transfer depreciations*	-9 132	-	-9 132	-	-14 558
Accumulated depreciation and impairments 31.12.2017	316 236	7 467	323 703	-	878 847
Book value 31.12.2017	1 617 005	34	1 617 039	365 417	1 860 126

* The disposal is mainly related to the sale of 10 per cent share in Valhall/Hod.

Depreciation in the income statement (USD 1 000)	Group		01.01.-31.12.		
	Q4	2017	2016	2017	2016
Depreciation of tangible fixed assets		162 664	132 987	635 563	417 891
Depreciation of intangible assets		20 474	26 809	91 107	91 136
Total depreciation in the income statement		183 138	159 796	726 670	509 027
Impairment in the income statement (USD 1 000)					
Impairment/reversal of tangible fixed assets		21 111	-6 739	21 232	-16 609
Impairment/reversal of intangible assets		-	-	1 956	8 429
Impairment of goodwill		-	51 366	29 161	79 555
Total impairment in the income statement		21 111	44 627	52 349	71 375



Note 7 Financial items

(USD 1 000)	Group			
	Q4 2017	2016	01.01.-31.12. 2017	2016
Interest income	2 991	2 887	7 716	5 795
Realized gains on derivatives	8 659	601	18 428	3 138
Change in fair value of derivatives	-	-	40 971	35 991
Net currency gains	9 639	20 024	16 107	3 742
Total other financial income	18 298	20 625	75 507	42 871
Interest expenses	32 539	42 693	156 704	160 808
Capitalized interest cost, development projects	-23 645	-28 136	-89 977	-96 562
Amortized loan costs	6 336	5 672	36 900	17 915
Total interest expenses	15 230	20 229	103 627	82 161
Realised loss on derivatives	1 472	1 466	9 331	7 675
Change in fair value of derivatives	27 543	40 585	-	-
Accretion expenses	32 407	29 285	129 619	47 977
Other financial expenses	1 162	2 519	36 746	7 864
Total other financial expenses	62 585	73 855	175 696	63 515
Net financial items	-56 526	-70 572	-196 100	-97 011

Note 8 Taxes

Taxes for the period appear as follows (USD 1 000)	Group			
	Q4 2017	2016	01.01.-31.12. 2017	2016
Calculated current year tax/exploration tax refund	125 092	-114 769	332 092	-131 488
Change in deferred taxes in the income statement	89 979	384 351	202 715	374 617
Prior period adjustments	-694	7 601	1 533	12 353
Total taxes (+)/tax income (-)	214 377	277 183	536 340	255 482
Calculated tax receivable (+)/tax payable (-) (USD 1 000)				
		31.12.2017	31.12.2016	
Tax receivable/payable at 01.01.		307 977	126 391	
Current year tax (-)/tax receivable (+)		-332 092	131 488	
Taxes receivable/payable related to acquisitions/sales		1 523 512	255 873	
Net tax payment (+)/tax refund (-)		-303 589	-211 525	
Prior period adjustments		9 502	-1 681	
Revaluation of taxes		29 540	7 430	
Total net tax receivable (+)/tax payable (-)		1 234 850	307 977	
Tax receivable included as current assets (+)		1 586 006	400 638	
Tax payable included as current liabilities (-)		-351 156	-92 661	

Deferred taxes (-)/deferred tax asset (+) (USD 1 000)	Group	
	31.12.2017	31.12.2016
Deferred taxes/deferred tax asset 01.01.	-1 045 542	-1 356 114
Change in deferred taxes in the income statement	-202 715	-374 617
Reclassification of acquired loss carried forward	-	-238 866
Deferred tax related to acquisitions/sales	-61 877	942 611
Prior period adjustment	2 982	-18 555
Deferred tax charged to OCI and equity	5	-1
Net deferred tax (-)/deferred tax asset (+)	-1 307 148	-1 045 542

Reconciliation of tax expense (USD 1 000)	Group			
	Q4	01.01.-31.12.		
	2017	2016	2017	2016
78% tax rate on profit before tax	194 040	163 940	632 680	226 553
Tax effect of uplift	-30 784	-27 591	-123 057	-103 313
Change in tax rates*	-1 893	-2 888	-1 894	-2 888
Permanent difference on impairment	-	40 065	22 813	62 053
Foreign currency translation of NOK monetary items	-8 022	-8 527	-12 955	2 163
Foreign currency translation of USD monetary items	-11 176	-125 049	120 113	55 692
Tax effect of financial and other 24%/25% items	23 398	82 879	-19 592	-21 335
Revaluation of tax balances**	47 848	146 751	-84 676	28 901
Other permanent differences and prior period adjustment	966	7 602	2 908	7 656
Total taxes (+)/tax income (-)	214 377	277 183	536 340	255 482

* The tax rate for general corporation tax changed from 24 to 23 per cent from 1 January 2018. The rate for special tax changed from the same date from 54 to 55 per cent.

** Tax balances are in NOK and converted to USD using the period end currency rate. When NOK weakens against USD, the tax rate increases as there is less remaining tax depreciation measured in USD (vice versa).

In accordance with statutory requirements, the calculation of current tax is required to be based on NOK functional currency. This may impact the tax rate as the company's functional currency is USD.

Note 9 Other short-term receivables

(USD 1 000)	Group	
	31.12.2017	31.12.2016
Prepayments	59 100	40 730
VAT receivable	10 856	7 913
Underlift of petroleum	118 012	70 003
Accrued income from sale of petroleum products	105 670	86 429
Other receivables, mainly from licenses	241 879	217 857
Total other short-term receivables	535 518	422 932



Note 10 Cash and cash equivalents

The item 'Cash and cash equivalents' consists of bank accounts and short-term investments that constitute parts of the group's transaction liquidity.

Breakdown of cash and cash equivalents (USD 1 000)	Group	
	31.12.2017	31.12.2016
Bank deposits	231 506	106 369
Restricted funds (tax withholdings)*	998	8 917
Cash and cash equivalents	232 504	115 286
Unused revolving credit facility	-	550 000
Unused reserve-based lending facility (see note 15)	2 670 000	1 805 000

* During Q4, the company established a bank guarantee related to withheld payroll tax of NOK 300 million. The main part of the restricted funds was thus released.

Note 11 Provisions for other liabilities

Breakdown of provisions for other liabilities (USD 1 000)	Group	
	31.12.2017	31.12.2016
Fair value of contracts assumed in acquisitions*	149 031	202 874
Other long term liabilities	3 387	15 688
Total provisions for other liabilities	152 418	218 562

* The negative contract values are related to rig contracts entered into by the acquirees, which were different from current market terms at the time of the acquisitions. The fair value is based on the difference between market price and contract price at the time of the acquisitions. The balance is split between current and non-current liabilities based on the cash flow in the contracts, and amortized over the lifetime of the contracts.

Note 12 Derivatives

(USD 1 000)	Group	
	31.12.2017	31.12.2016
Unrealized gain currency contracts	12 564	-
Long-term derivatives included in assets	12 564	-
Unrealized gain currency contracts	2 585	-
Short-term derivatives included in assets	2 585	-
Total derivatives included in assets	15 149	-
Unrealized losses currency contracts	-	5 073
Unrealized losses interest rate swaps	13 705	30 586
Long-term derivatives included in liabilities	13 705	35 659
Unrealized losses currency contracts	-	3 868
Unrealized losses commodity derivatives	7 691	1 181
Short-term derivatives included in liabilities	7 691	5 049
Total derivatives included in liabilities	21 396	40 708

The group has different types of hedging instruments. The commodity derivatives are used to hedge the risk of oil price reduction. The group manages its interest rate exposure using interest rate derivatives, including a cross currency interest rate swap. Foreign currency exchange derivatives are used to manage the company's exposure to currency risks, mainly NOK, EUR and GBP. These derivatives are mark to market with changes in market value recognized in the income statement. The nature of the instruments and the valuation method is consistent with the disclosed information in the annual financial statements as at 31 December 2016.

During the fourth quarter 2017, the company entered into new commodity hedges for 2018. These consist of put options with strike prices of 50 and 55 USD per barrel for approximately 13 percent of estimated 2018 oil production, corresponding to approximately 45 percent of the undiscounted after-tax value.



Note 13 Other current liabilities

	Group	
	31.12.2017	31.12.2016
Breakdown of other current liabilities (USD 1 000)		
Current liabilities related to overcall in licences	81 223	81 686
Share of other current liabilities in licences	409 387	360 222
Overlift of petroleum	9 610	20 000
Fair value of contracts assumed in acquisitions*	62 097	36 199
Other current liabilities**	141 880	85 737
Total other current liabilities	704 197	583 844

* Refer to note 11.

** Other current liabilities include unpaid wages and vacation pay, accrued interest and other provisions.

Note 14 Bonds

	Group	
	31.12.2017	31.12.2016
(USD 1 000)		
DETNR02 Senior unsecured bond ¹⁾	230 375	214 827
DETNR03 Subordinated PIK toggle bond ²⁾	-	295 510
AKERBP – Senior Notes 2017 (17/22) ³⁾	391 664	-
Long-term bonds	622 039	510 337

¹⁾ The loan is denominated in NOK and runs from July 2013 to July 2020 and carries an interest rate of 3 month NIBOR + 6.5 per cent. The principal falls due on July 2020 and interest is paid on a quarterly basis. The loan is unsecured. The loan has been swapped into USD using a cross currency interest rate swap whereby the group pays LIBOR + 6.81 per cent quarterly. In connection with the RBL amendment described in note 15, the financial covenants in this bond have been adjusted to be consistent with the RBL.

²⁾ As described in the Q2 2017 report, the bond was repaid in July 2017.

³⁾ The bond was established in July 2017 and carries an interest of 6 per cent. The principal falls due on July 2022 and interest is paid on a semi annual basis. The loan is senior unsecured and has no financial covenants.

Note 15 Other interest-bearing debt

	Group	
	31.12.2017	31.12.2016
(USD 1 000)		
Reserve-based lending facility	1 270 556	2 030 209
Long-term interest-bearing debt	1 270 556	2 030 209
Bridge facility	1 496 374	-
Short-term interest-bearing debt	1 496 374	-

The RBL facility was established in 2014 and is a senior secured seven-year facility. The facility was originally USD 3.0 billion, with an additional uncommitted accordion option of USD 1.0 billion. In connection with the acquisition of BP Norge AS, the facility size was increased to USD 4.0 billion. In addition a new, uncommitted, accordion option of USD 1.0 billion was added to the facility.

After certain amendments made to the RBL facility in Q3 2017, the borrowing base under the amended facility is set annually based on the company's certified 2P reserves. Current availability under the RBL is USD 4 billion. The financial covenants are as follows:

- Leverage Ratio shall be maximum 4 until the production start of Johan Sverdrup, thereafter maximum 3.5
- Interest Coverage Ratio shall be minimum 3.5

The interest rate is from 1 - 6 months LIBOR plus a margin of 2 - 3 per cent based on drawn amount. In addition, a commitment fee is paid on unused credit.

In relation to the acquisition of Hess Norge AS, the company obtained a new USD 1.5 billion bank facility ("Bridge facility"). The facility has a duration of 18 months, carries an interest of Libor + 1.5 per cent (the margin increases to 2.0 per cent after nine months), and is secured by a pledge in the shares of Aker BP AS (previously Hess Norge AS). The company expects the tax losses from Aker BP AS to be settled during 2018. Such settlement would trigger a mandatory repayment of the USD 1.5 billion bank facility. The financial covenants in this facility are consistent with the RBL.



Note 16 Provision for abandonment liabilities

(USD 1 000)	Group	31.12.2017	31.12.2016
Provisions as of 1 January		2 156 921	423 325
Abandonment liability from acquisitions		1 315 181	1 680 206
Change in abandonment liability due to asset sales		-207 516	-
Incurred cost removal		-74 005	-12 237
Accretion expense - present value calculation		129 619	47 977
Change in estimates and incurred liabilities on new drilling and installations*		-276 315	17 650
Total provision for abandonment liabilities		3 043 884	2 156 921
Break down of the provision to short-term and long-term liabilities			
Short-term		268 262	75 981
Long-term		2 775 622	2 080 940
Total provision for abandonment liabilities		3 043 884	2 156 921

* The change in estimates are mainly a result of increased experience and learning from P&A activities, offset by decreased discount rates.

The estimate is based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. The calculations assume an inflation rate of 2.5 per cent and a nominal discount rate before tax of between 3.44 per cent and 4.42 per cent. The discount rate for the previous quarters in 2017 was between 4.14 per cent and 6.35 per cent.

Note 17 Contingent liabilities

During the normal course of its business, the group will be involved in disputes, including tax disputes. The group has made accruals for probable liabilities related to litigation and claims based on management's best judgment and in line with IAS 37 and IAS 12.

Note 18 Subsequent events

The company has not identified any events with significant accounting impacts that have occurred between the end of the reporting period and the date of this report.

Note 19 Investments in joint operations

Fields operated:	31.12.2017	30.09.2017	Fields non-operated:	31.12.2017	30.09.2017
Alvheim	65.000 %	65.000 %	Alta	10.000 %	10.000 %
Bøyla	65.000 %	65.000 %	Enoch	2.000 %	2.000 %
Hod**	90.000 %	37.500 %	Gina Krog	3.300 %	3.300 %
Ivar Aasen Unit	34.786 %	34.786 %	Johan Sverdrup	11.5733 %	11.5733 %
Jette Unit	70.000 %	70.000 %	Jotun*	0.000 %	7.000 %
Valhall**	90.000 %	35.953 %	Oda	15.000 %	15.000 %
Vilje	46.904 %	46.904 %	Varg	5.000 %	5.000 %
Volund	65.000 %	65.000 %			
Tambar	55.000 %	55.000 %			
Tambar Øst	46.200 %	46.200 %			
Ula	80.000 %	80.000 %			
Skarv	23.835 %	23.835 %			
Production licences in which Aker BP is the operator:			Production licences in which Aker BP is a partner:		
Licence:	31.12.2017	30.09.2017	Licence:	31.12.2017	30.09.2017
PL 001B	35.000 %	35.000 %	PL 006C	15.000 %	15.000 %
PL 006B**	90.000 %	35.833 %	PL 018DS	13.338 %	13.338 %
PL 019	80.000 %	80.000 %	PL 019C	0.000 %	30.000 %
PL 019C	80.000 %	0.000 %	PL 026	30.000 %	30.000 %
PL 026B	90.260 %	90.260 %	PL 029B	20.000 %	20.000 %
PL 027D	100.000 %	100.000 %	PL 035	50.000 %	50.000 %
PL 028B	35.000 %	35.000 %	PL 035C	50.000 %	50.000 %
PL 033**	90.000 %	37.500 %	PL 038	5.000 %	5.000 %
PL 038B**	90.000 %	37.500 %	PL 048D	10.000 %	10.000 %
PL 036C	65.000 %	65.000 %	PL 102C	10.000 %	10.000 %
PL 036D	46.904 %	46.904 %	PL 102D	10.000 %	10.000 %
PL 065	55.000 %	55.000 %	PL 102F	10.000 %	10.000 %
PL 088BS	65.000 %	65.000 %	PL 102G	10.000 %	10.000 %
PL 103B*	0.000 %	70.000 %	PL 220**	15.000 %	0.000 %
PL 150	65.000 %	65.000 %	PL 265	20.000 %	20.000 %
PL 150B	65.000 %	65.000 %	PL 272	50.000 %	50.000 %
PL 169C	50.000 %	50.000 %	PL 405	15.000 %	15.000 %
PL 203	65.000 %	65.000 %	PL 457BS	40.000 %	40.000 %
PL 203B	65.000 %	65.000 %	PL 492	60.000 %	60.000 %
PL 212	30.000 %	30.000 %	PL 502	22.222 %	22.222 %
PL 212B	30.000 %	30.000 %	PL 507*	0.000 %	45.000 %
PL 212E	30.000 %	30.000 %	PL 533	35.000 %	35.000 %
PL 242	35.000 %	35.000 %	PL 554	30.000 %	30.000 %
PL 261	50.000 %	50.000 %	PL 554B	30.000 %	30.000 %
PL 262	30.000 %	30.000 %	PL 554C	30.000 %	30.000 %
PL 300	55.000 %	55.000 %	PL 627	20.000 %	20.000 %
PL 340	65.000 %	65.000 %	PL 627B	20.000 %	20.000 %
PL 340BS	65.000 %	65.000 %	PL 719	20.000 %	20.000 %
PL 364**	90.260 %	90.260 %	PL 721	40.000 %	40.000 %
PL 442	90.260 %	90.260 %	PL 722	20.000 %	20.000 %
PL 442B***	90.260 %	90.260 %	PL 778*	0.000 %	20.000 %
PL 460**	65.000 %	65.000 %	PL 782S	20.000 %	20.000 %
PL 504	47.593 %	47.593 %	PL 782SB	20.000 %	20.000 %
PL 626	50.000 %	50.000 %	PL 782SC***	20.000 %	20.000 %
PL 659	50.000 %	50.000 %	PL 810**	30.000 %	0.000 %
PL 677	60.000 %	60.000 %	PL 811	20.000 %	20.000 %
PL 715*	0.000 %	40.000 %	PL 813	3.300 %	3.300 %
PL 724	40.000 %	40.000 %	PL 838	30.000 %	30.000 %
PL 724B	40.000 %	40.000 %	PL 842	30.000 %	30.000 %
PL 748	50.000 %	50.000 %	PL 844	20.000 %	20.000 %
PL 748B***	50.000 %	50.000 %	PL 852	40.000 %	40.000 %
PL 762	20.000 %	20.000 %	PL 857	20.000 %	20.000 %
PL 777	40.000 %	40.000 %	PL 862***	50.000 %	50.000 %
PL 777B	40.000 %	40.000 %	PL 863***	40.000 %	40.000 %
PL 777C***	40.000 %	40.000 %	PL 864***	20.000 %	20.000 %
PL 784	40.000 %	40.000 %	PL 871***	20.000 %	20.000 %
PL 790	30.000 %	30.000 %	PL 891***	30.000 %	30.000 %
PL 814	40.000 %	40.000 %	PL 892***	30.000 %	30.000 %
PL 818	40.000 %	40.000 %	PL 902***	30.000 %	30.000 %
PL 821	60.000 %	60.000 %	Number	46	47
PL 821B***	60.000 %	60.000 %			
PL 822S	60.000 %	60.000 %			
PL 839	23.835 %	23.835 %			
PL 843	40.000 %	40.000 %			
PL 858	40.000 %	40.000 %			
PL 861***	50.000 %	50.000 %			
PL 867***	40.000 %	40.000 %			
PL 868***	60.000 %	60.000 %			
PL 869***	40.000 %	40.000 %			
PL 872**	40.000 %	40.000 %			
PL 873**	40.000 %	40.000 %			
PL 874**	90.260 %	90.260 %			
PL 893***	60.000 %	60.000 %			
PL 895***	60.000 %	60.000 %			
Number	62	63			

* Relinquished licences or Aker BP has withdrawn from the licence.

** Acquired/changed through licence transactions or licence splits.

*** Interest awarded in the APA Licensing round (Application in Predefined Areas) in 2016. The awards were announced in 2017.



Note 20 Results from previous interim reports

(USD 1 000)	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total income	725 994	596 188	594 501	646 250	655 624	247 993	255 665	204 848
Exploration expenses	56 181	63 887	75 375	30 259	44 281	30 843	36 214	36 115
Production costs	147 076	134 411	121 017	120 874	121 139	32 188	39 116	34 374
Depreciation	183 138	175 334	184 194	184 004	159 796	114 649	120 264	114 318
Impairments	21 111	1 091	365	29 782	44 627	8 429	-19 644	37 964
Other operating expenses	13 549	2 893	3 113	8 051	5 029	6 223	5 410	5 330
Total operating expenses	421 055	377 617	384 065	372 969	374 872	192 333	181 360	228 101
Operating profit/loss	304 940	218 571	210 436	273 280	280 752	55 660	74 305	-23 253
Net financial items	-56 526	-9 469	-83 597	-46 508	-70 572	-5 107	-28 951	7 620
Profit/loss before taxes	248 413	209 102	126 840	226 772	210 180	50 553	45 353	-15 633
Taxes (+)/tax income (-)	214 377	97 065	66 944	157 955	277 183	-12 880	39 046	-47 866
Net profit/loss	34 036	112 037	59 896	68 818	-67 003	63 433	6 308	32 233

Alternative performance measures

Aker BP may disclose alternative performance measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with IFRS. Aker BP believes that the alternative performance measures provide useful supplemental information to management, investors, security analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of Aker BP's business operations and to improve comparability between periods.

Depreciation per boe is depreciation divided by number of barrels of oil equivalents produced in the corresponding period

Dividend per share (DPS) is dividend paid in the quarter divided by number of shares outstanding

EBIT is short for earnings before interest and other financial items and taxes

EBITDA is short for earnings before interest and other financial items, taxes, depreciation and amortisation and impairments

EBITDAX is short for earnings before interest and other financial items, taxes, depreciation and amortisation, impairments and exploration expenses

Equity ratio is total equity divided by total assets

Net interest-bearing debt is book value of current and non-current interest-bearing debt less cash and cash equivalents

Production cost per boe is production cost divided by number of barrels of oil equivalents produced in the corresponding period





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