



Aker BP first quarter 2018 results

Aker BP (OSE:AKERBP) reported total income of USD 890 million and operating profit of USD 472 million for the first quarter 2018. Net profit was USD 161 million and earnings per share were USD 0.45. The company paid a dividend of USD 0.3124 (NOK 2.40) per share in the quarter.

Record high production

Total income increased to USD 890 million driven by record high production of 158.6 thousand barrels of oil equivalents per day ("mboepd") and higher oil prices. Production volumes increased primarily due to the acquisition of Hess Norge in late December 2017. Production costs amounted to USD 12.1 per barrel oil equivalents ("boe"), in line with the company's guidance of around USD 12 per boe for 2018.

Oil discovery at Frosk

Exploration spend totalled USD 80 million, of which USD 55 million was expensed. Three exploration wells were drilled in the quarter, resulting in a 30-60 mmboe oil discovery on the Frosk prospect and a positive appraisal of the Ærfugl field. The company was also awarded 23 new licences, of which 14 with Aker BP as operator, in the 2017 APA licensing round.

Strong financial results

Net profit amounted to USD 161 million in the first quarter, reflecting operating profit (EBIT) of USD 472 million, net financial expenses of USD 47 million and USD 264 million in taxes.

Cash flow to investment activities was USD 378 million. Investments in fixed assets amounted to USD 257 million, mainly related to the fields Johan Sverdrup, Valhall and Tambar. Abandonment expenditures were USD 82 million, driven by the ongoing campaign to plug and abandon old wells on the Valhall field.

The company's net interest-bearing debt was USD 3.0 billion at the end of the first quarter. Total available liquidity was USD 3.5 billion. During the first quarter, Aker BP issued a new USD 500 million senior note due in 2025. The proceeds were used to reduce the drawn amount under the company's reserve-based lending ("RBL") facility.

Increasing dividends

In February, the company paid a quarterly dividend of USD 112.5 million or USD 0.3124 per share, and the Board has resolved to pay the same amount in dividends in May. The plan is to maintain this level for the remaining quarters of 2018, implying total annual dividends of USD 450 million. The Board's ambition is to increase the annual dividends by USD 100 million per year from 2019 to 2021.

Field developments on track

The Johan Sverdrup Phase 1 development project is progressing according to plan, and the capex estimate was further reduced in the first quarter. The operator's new capex estimate is NOK 88 billion (nominal at project currency), down NOK 4 billion from the previous update, and the break-even oil price for the project is now estimated to be below USD 15 per barrel.

The Aker BP-operated field developments of Ærfugl, Valhall Flank West and Skogul have all been approved by the authorities and are progressing according to plan. During the first quarter, new production wells were brought on stream at the Alvheim and Tambar fields. The Valhall Flank North Water Injection project was also sanctioned in the quarter.

Ambition to develop NOAKA as the first zero emission field on the NCS

The NOAKA area represents a significant new growth opportunity for Aker BP, with gross resources of more than 500 mmboe. Two different development concepts have been proposed, one involving unmanned platforms with host support, and one involving a central hub platform.

The premise defined by the authorities, and confirmed in recent dialogue, has been that a development should capture all discovered resources in the area and facilitate for future tie-ins of new discoveries.

Aker BP recommends developing NOAKA with a new hub platform, which would ensure production from all discoveries in the area as well as higher resource recovery and socio-economic benefits than the alternative. NOAKA will be a new major field development on the Norwegian Continental Shelf ("NCS"). Building on the positive experience from the alliance model, the ambition is to set a new standard in terms of cost per installed ton on the NCS. The company is targeting a concept selection in 2018.

Presentation and webcast

The full report and presentation are attached, and can also be found on www.akerbp.com.

[2018-Q1 report](#)

[2018-Q1 presentation](#)

A live webcast is available at www.akerbp.com/en from 08:30 CEST.

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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.

This information is subject to disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.