

# Capital Markets Day 2019

Aker BP ASA

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17 January 2019



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*This Document includes financial information relating to the year 2018. The financial statements for 2018 have not been completed at the time of this report, and all such information should therefore be considered as forward-looking statements.*

# Today's agenda

Time		Speaker
09:00	Welcome	
	High growth, low cost and improved efficiency	Karl Johnny Hersvik, CEO
	Maximizing value of our producing assets	Svein J. Liknes, SVP Operations & Asset Development
	Our main growth projects	Karl Johnny Hersvik, CEO
	Break	
11:00	Creating value through exploration	Evy Glørstad-Clark, SVP Exploration
	Returning value creation to shareholders	Alexander Krane, CFO
	Concluding remarks	Karl Johnny Hersvik, CEO
12:00	Q&A session	
12:30	End	

# High growth, low cost and improved efficiency

Capital Markets Day 2019

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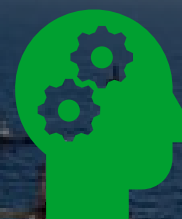
**Karl Johnny Hersvik**  
Chief Executive Officer



# High growth – low cost – improved efficiency



**ACHIEVEMENTS**  
in 2018 support our  
strategic development



**RECONSTRUCTING**  
the way we operate  
our business



**HIGH AMBITIONS**  
for value creation

# Key focus areas in 2018

1

**Strong operational performance**

2

**Increased reserves and resources**

3

**Capital discipline**

4

**Strengthen position in core areas**

5

**Deliver on the dividend ambition**



# Production volume and cost as guided

1

**Strong operational performance**



Increased reserves and resources

Capital discipline

Strengthen position in core areas

Deliver on the dividend ambition

**155 700**

boed produced

**>80%**

oil and liquids

**USD 12**

per boe production cost

## 2018 ACHIEVEMENTS

# Organic and acquired growth in profitable volumes

Strong operational performance

2

Increased reserves and resources



Capital discipline

Strengthen position in core areas

Deliver on the dividend ambition

**>100%**

organic Reserve Replacement Ratio

**+18%**

in contingent resources

**~55 mmboe**

net volumes in Frosk and Gekko

## Strong capital discipline

Strong operational performance

Increased reserves and resources

3

Capital discipline



Strengthen position in core areas

Deliver on the dividend ambition

**USD 1.20 bn**

2018 capital spending below plan

**-30%**

lower abandonment expenditures than planned

**On track**

current field developments

## 2018 ACHIEVEMENTS

# Added important assets to lift future production

Strong operational performance

Increased reserves and resources

Capital discipline

4

Strengthen position in core areas



Deliver on the dividend ambition

## 11 licences

acquisition of portfolio from Total

## King Lear

acquisition of gas/cond. discovery from Equinor

## ~170 mmboe

net recoverable resources acquired

## 2018 ACHIEVEMENTS

# Returning the value creation to shareholders

Strong operational performance

Increased reserves and resources

Capital discipline

Strengthen position in core areas

5

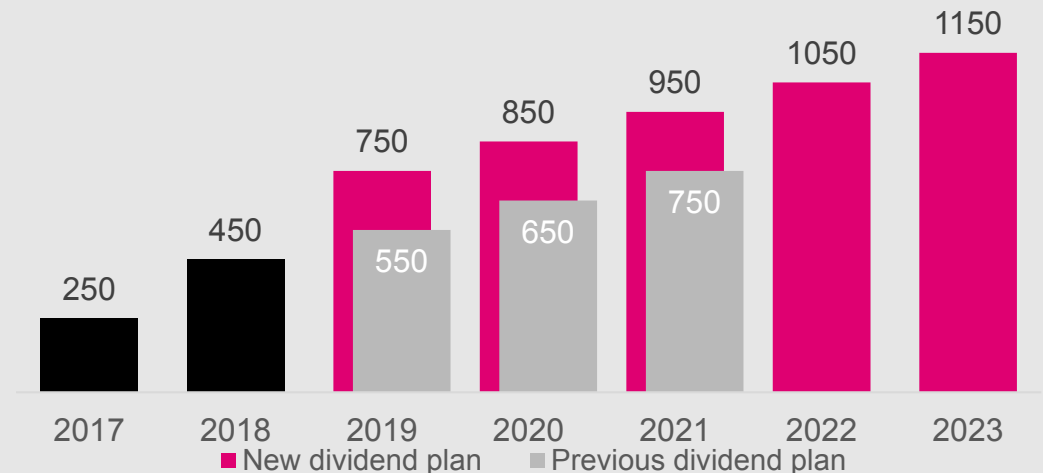
**Deliver on the dividend ambition**



# USD 450 million

dividend payment in 2018

Increased ambitions

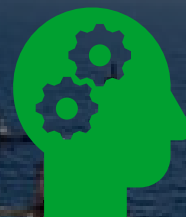


# High growth – low cost – improved efficiency



## ACHIEVEMENTS

in 2018 support our strategic development



## RECONSTRUCTING

the way we operate our business



## HIGH AMBITIONS

for value creation

RECONSTRUCTING THE WAY WE OPERATE OUR BUSINESS

# Targeting significant efficiency improvements

Production cost per barrel

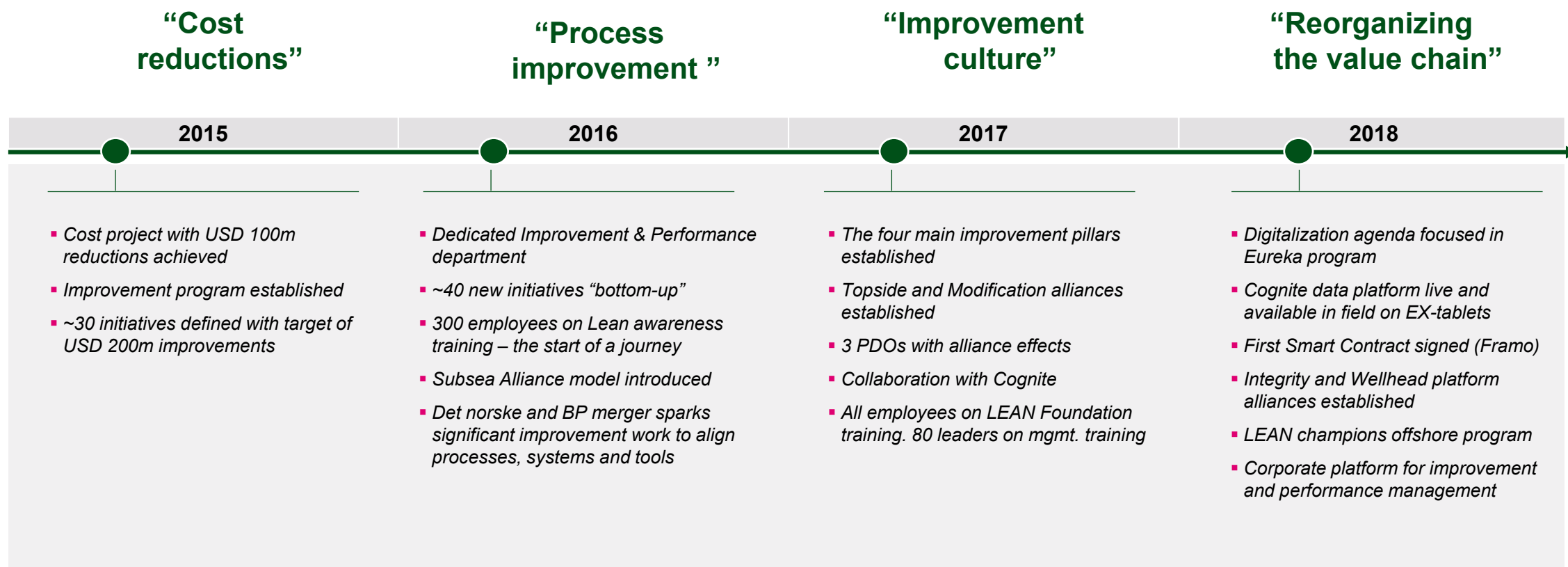
**\$7**

Full cycle project break-even below

**\$35**

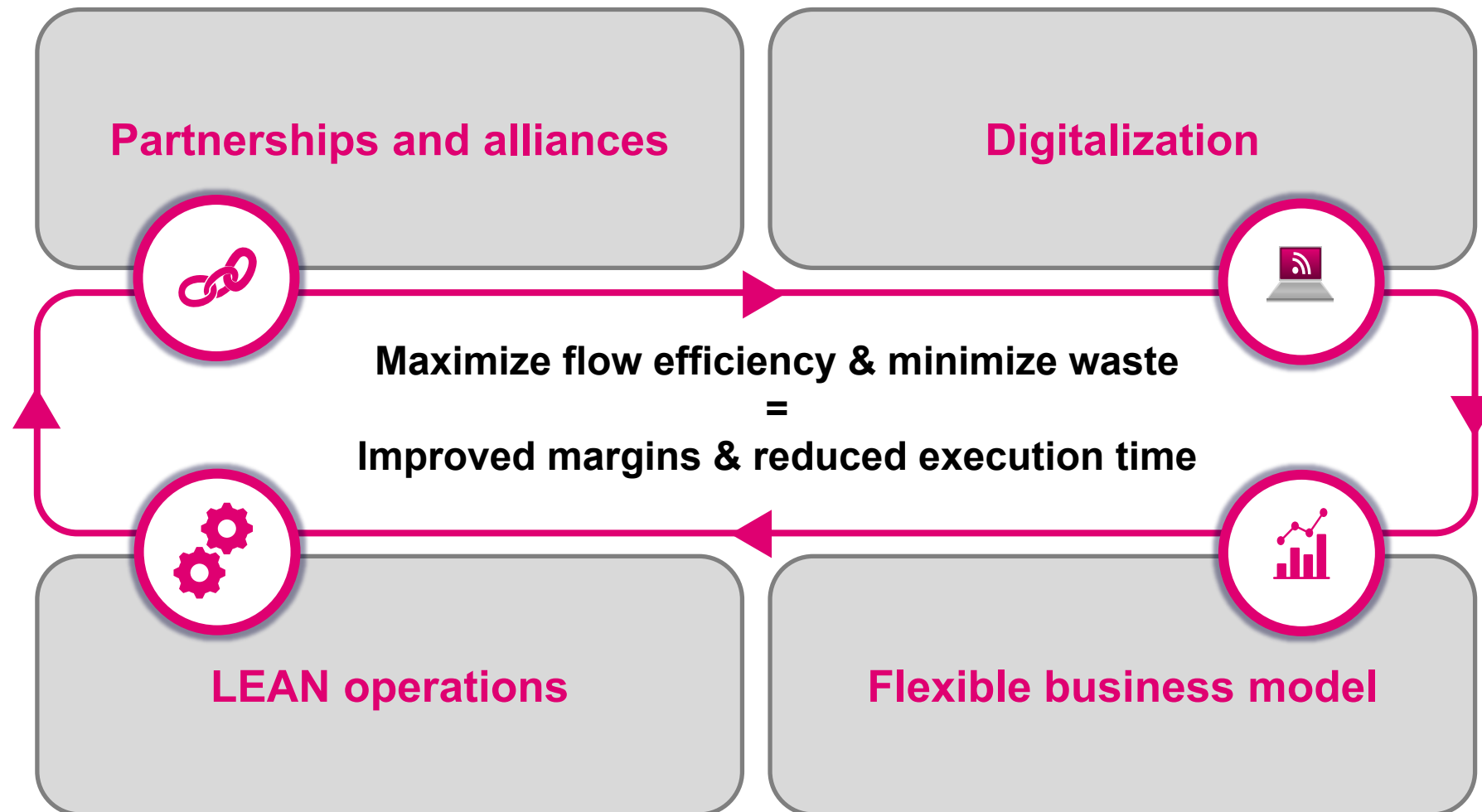
# Our improvement journey

From low hanging fruits to ambition of changing the industry



RECONSTRUCTING THE WAY WE OPERATE OUR BUSINESS

## Aker BP's four main improvement pillars





## Reorganizing the value chain with partnerships and alliances



## Aker BP in the forefront for digitalization of E&P



## Securing effective processes



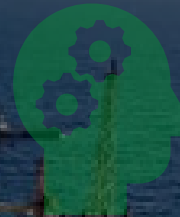
## Establish flexible business models

# High growth – low cost – improved efficiency



## ACHIEVEMENTS

in 2018 support our strategic development



## RECONSTRUCTING

the way we operate our business



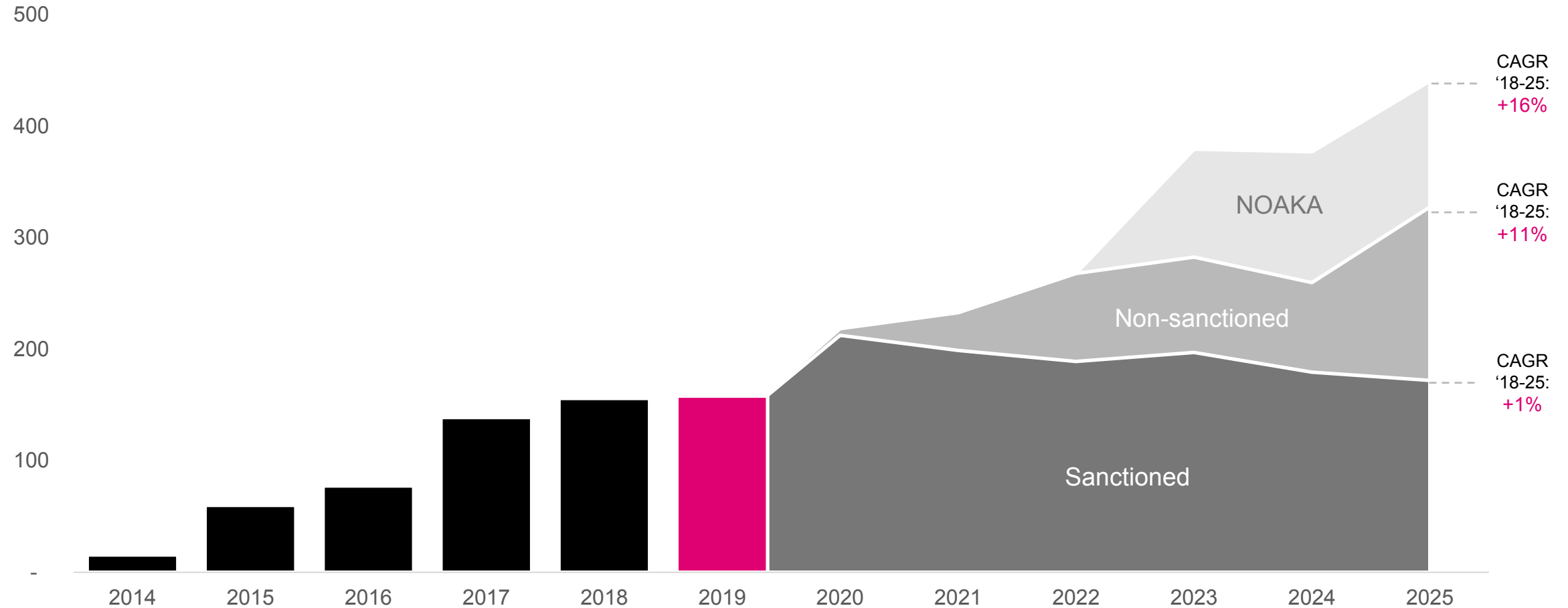
## HIGH AMBITIONS

for value creation

## HIGH AMBITIONS FOR VALUE CREATION

# Profitable growth from existing portfolio

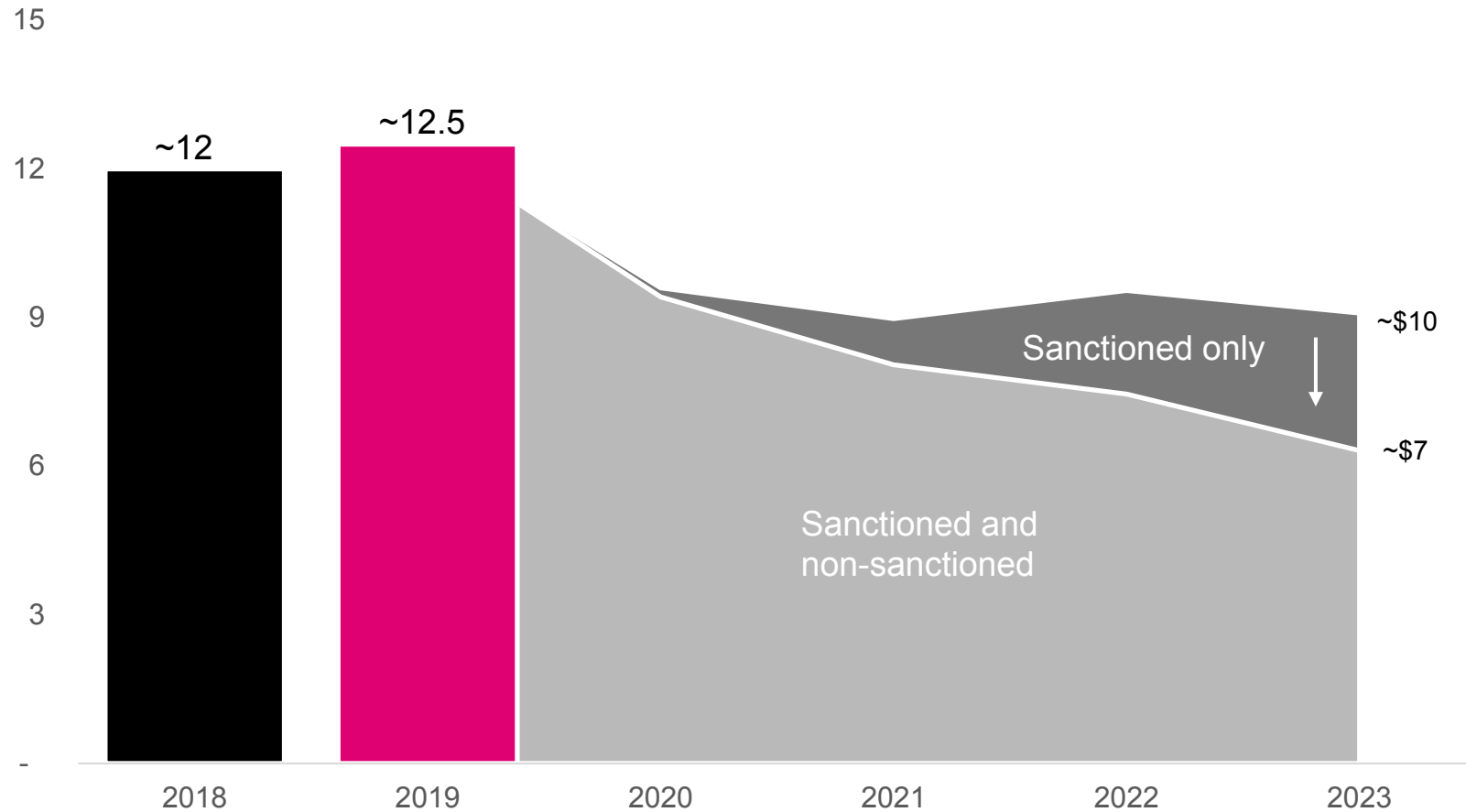
Production ambition (mboepd)



## HIGH AMBITIONS FOR VALUE CREATION

# Driving down cost – targeting USD 7 per barrel

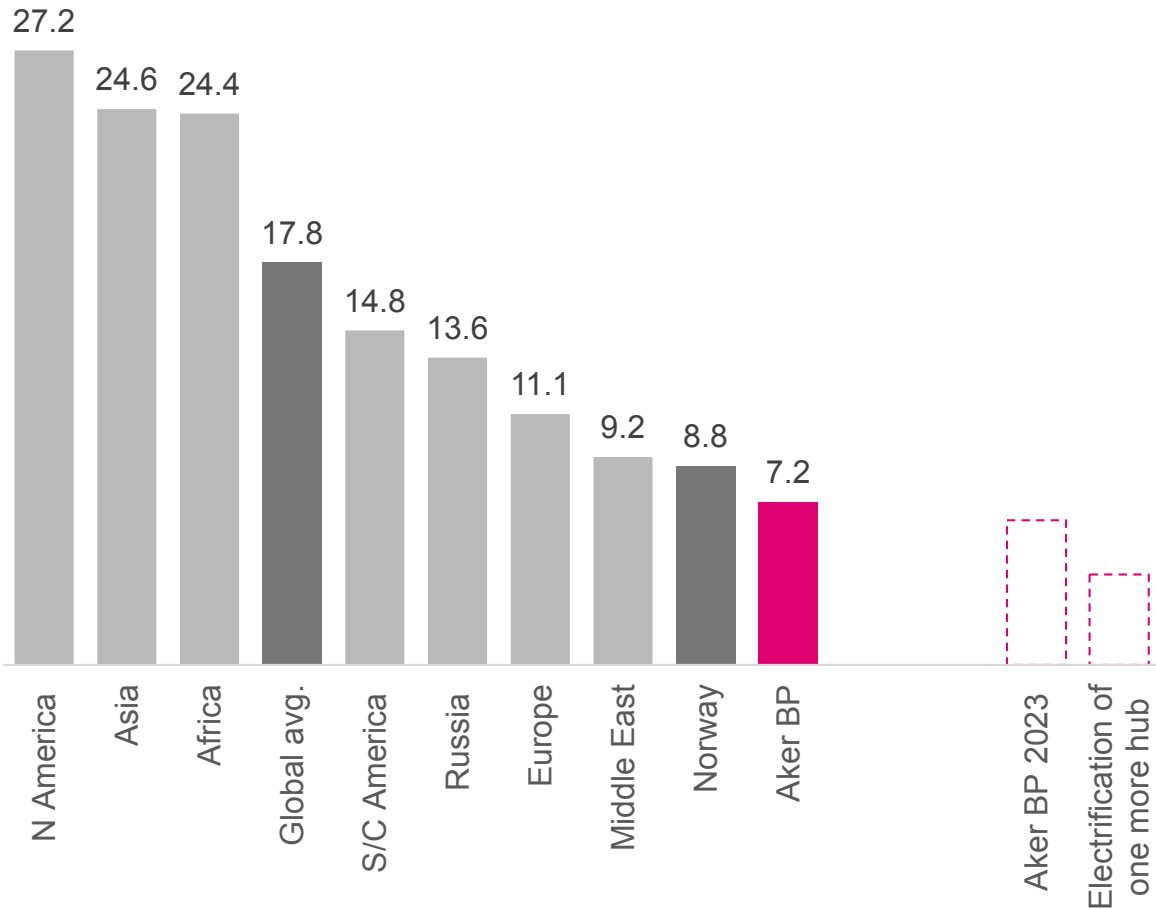
Production cost (USD/boe)



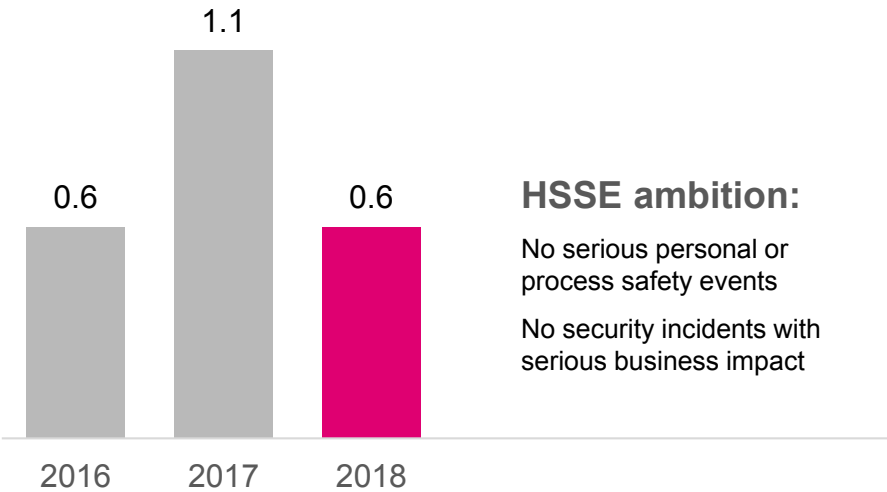
- 2019 impacted by high maintenance activity to reduce backlog at Valhall and Ula
- Johan Sverdrup will contribute to lower unit cost from 2020
- Further reductions driven by low-cost expansions at existing fields and by new low-cost field developments

# Low carbon operator with continued focus on safety

**CO<sub>2</sub> emissions intensity<sup>1)</sup>**  
kg CO<sub>2</sub> per boe (2017)



**Serious Incident Frequency (SIF)**  
Per million exposure hours



**HSSE ambition:**  
No serious personal or process safety events  
No security incidents with serious business impact

1) Source: NOROG, IOGP data series, 2017. Numbers for Norway and Aker BP: Aker BP company data (operated barrels).

# Exploring for valuable growth opportunities

2019 – a very exciting exploration year

Drilling

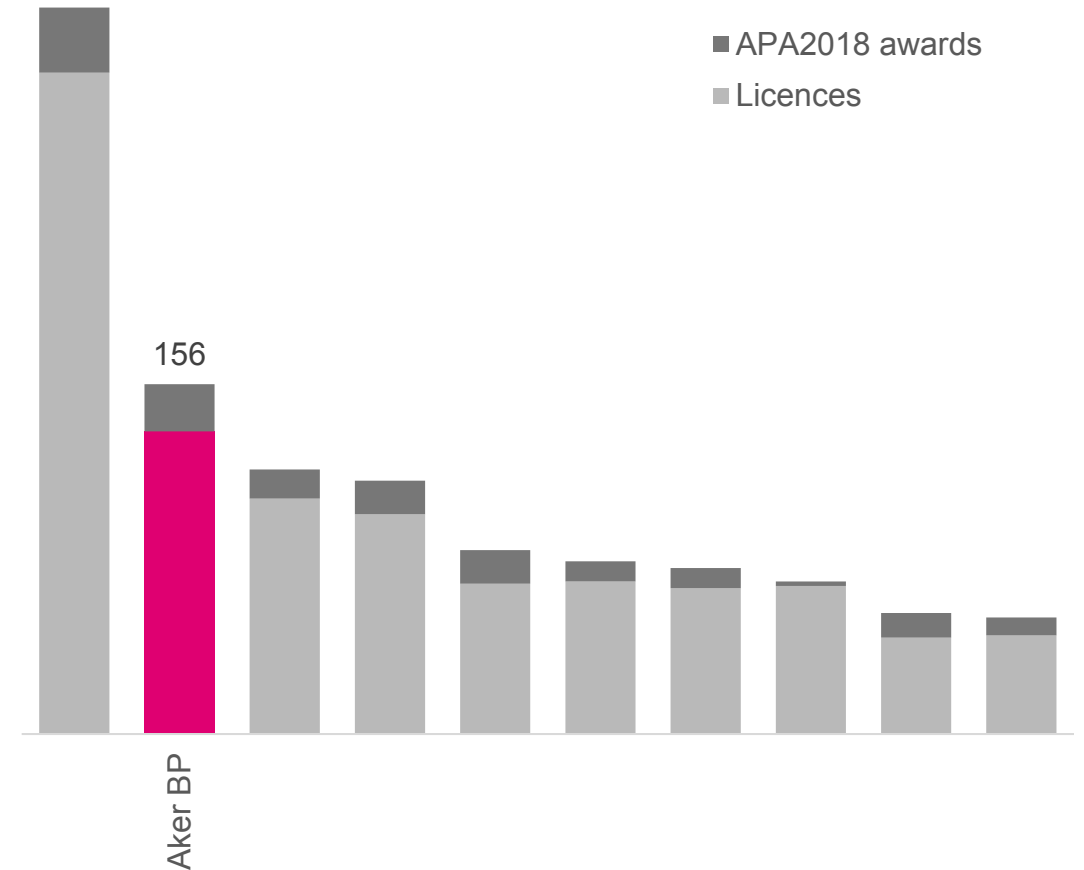
**15 wells**

Targeting net prospective resources

**500 mmboe**

Excellent acreage position for future success

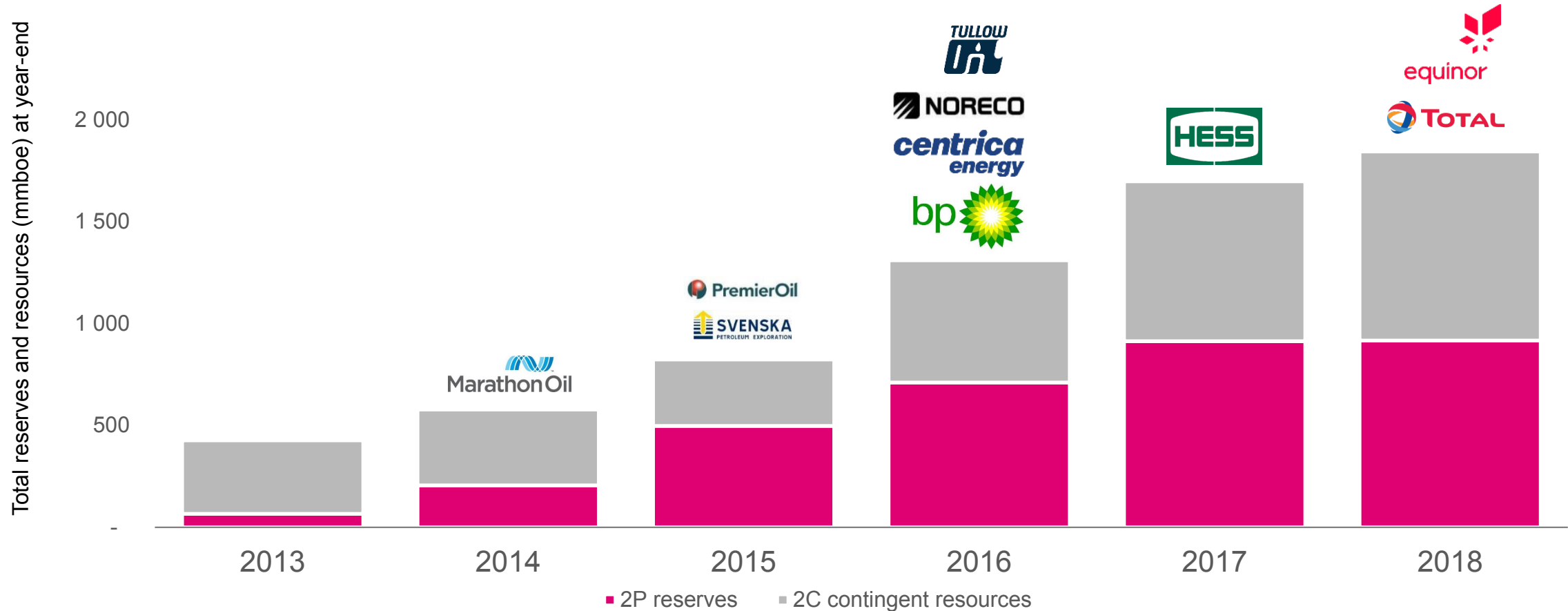
Number of licences on the NCS per company



## HIGH AMBITIONS FOR VALUE CREATION

# Counter-cyclical and value-driven approach to M&A

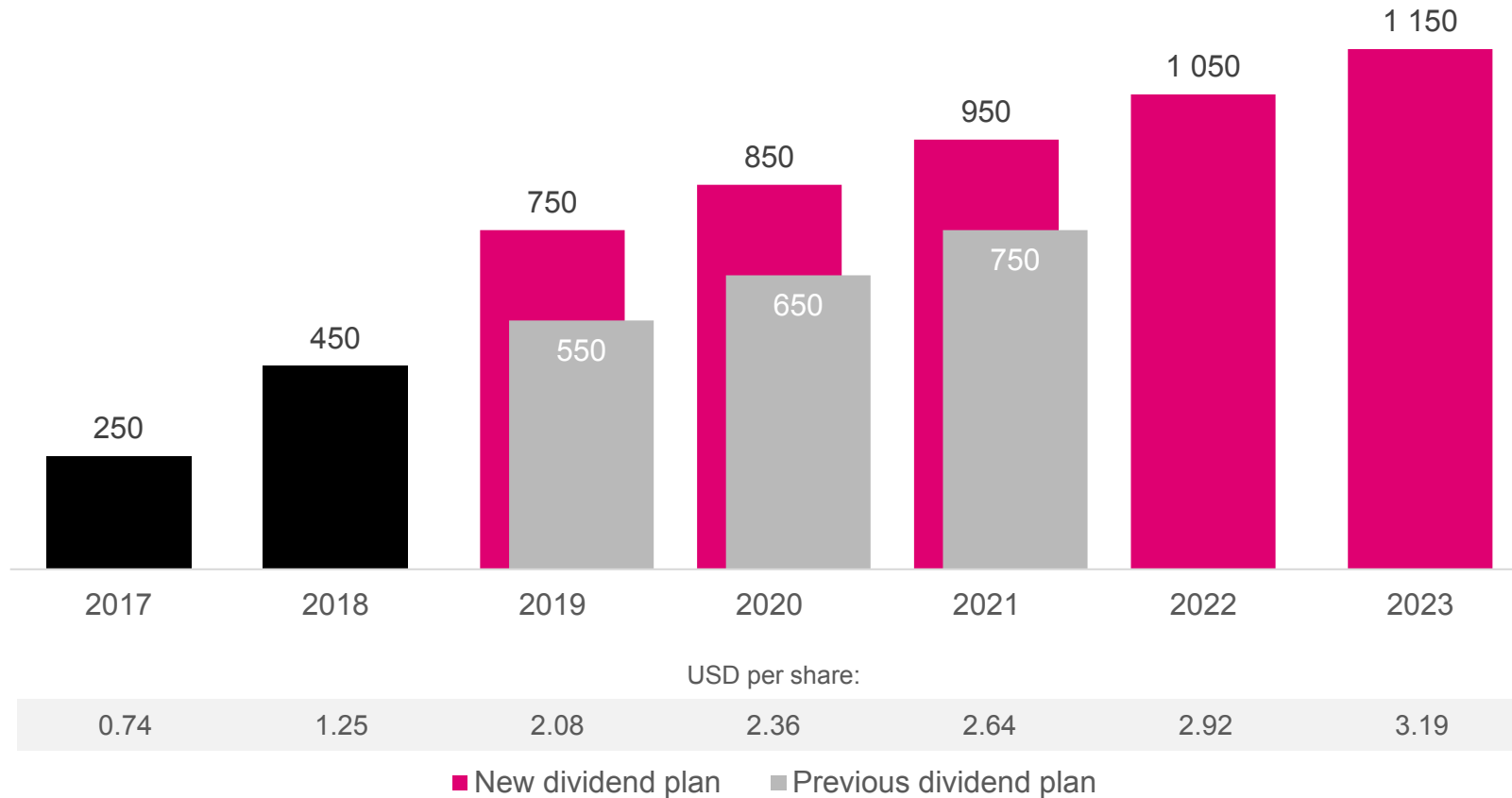
A cornerstone of Aker BP's growth agenda



## HIGH AMBITIONS FOR VALUE CREATION

# Increased ambition for dividend payout

Returning the value creation to shareholders (USD million)



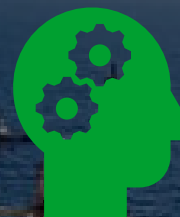
- 1 Strong cash flow from existing portfolio
- 2 Profitable growth from excellent project pipeline
- 3 Strong balance sheet

# High growth – low cost – improved efficiency



## **ACHIEVEMENTS**

in 2018 support our strategic development



## **RECONSTRUCTING**

the way we operate our business



## **HIGH AMBITIONS**

for value creation

# Maximizing value of our producing assets

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**Svein J. Liknes**

SVP Operations & Asset Development



# Aker BP portfolio overview



## **Alvheim area (operator)**

High production efficiency and continued resource growth



## **Valhall/Hod (operator)**

Billion barrels produced, ambition to produce another billion



## **Ivar Aasen (operator)**

Pioneering digital operations model



## **Skarv / Ærfugl (operator)**

Strong base performance and area upside potential



## **Ula/Tambar (operator)**

Late life production with significant upside potential



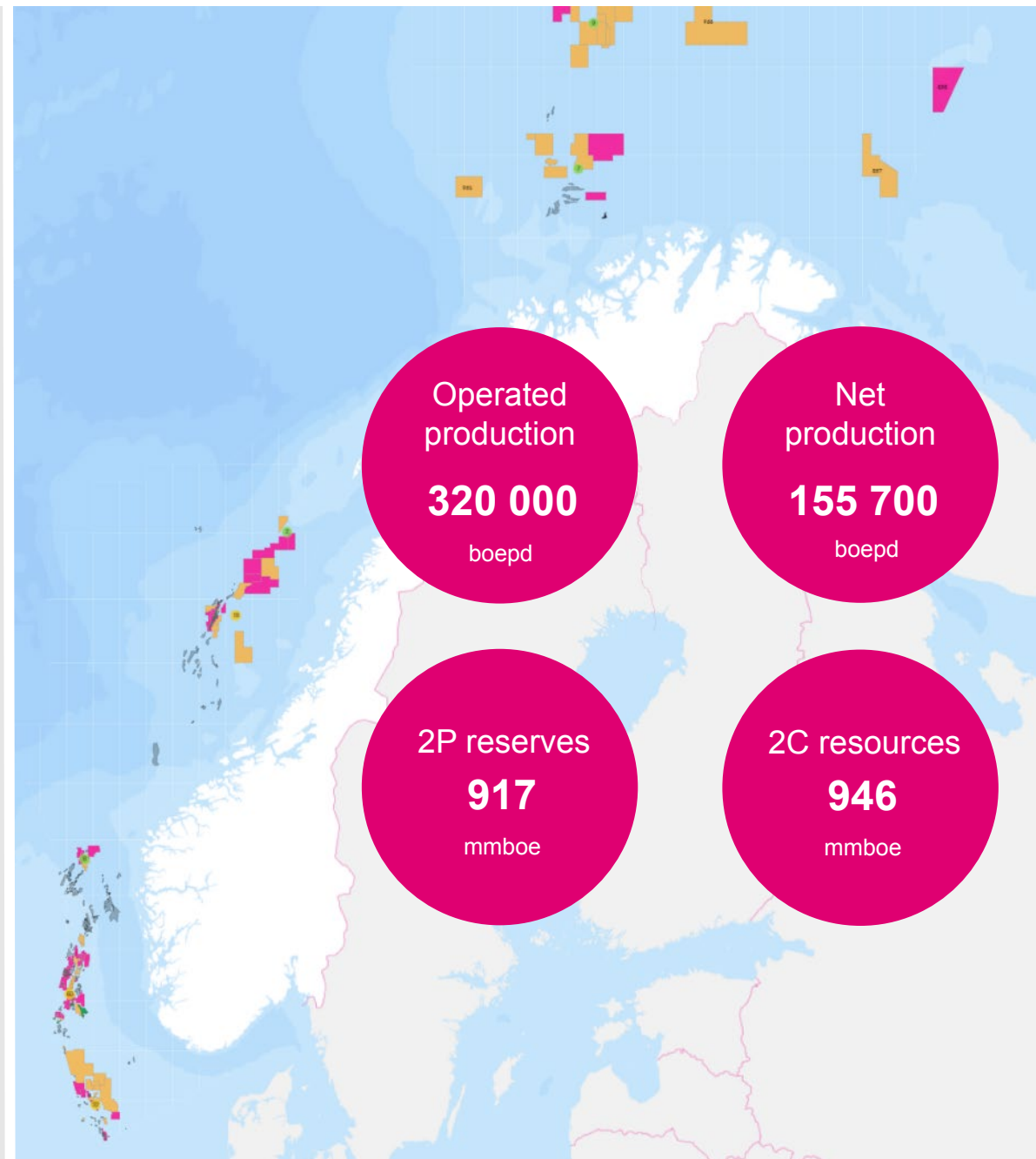
## **Johan Sverdrup (partner)**

World class development with superior economics



## **NOAKA (operator)**

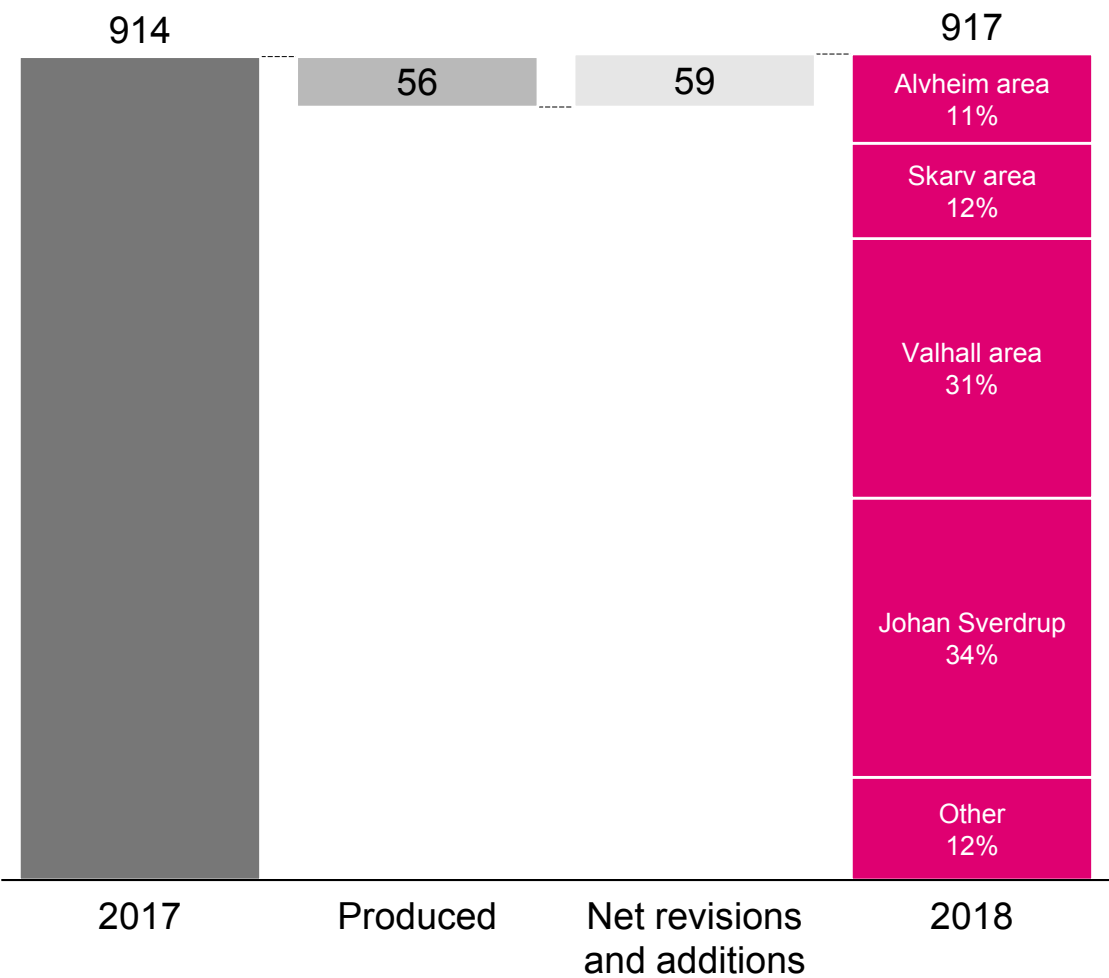
Targeting an area development



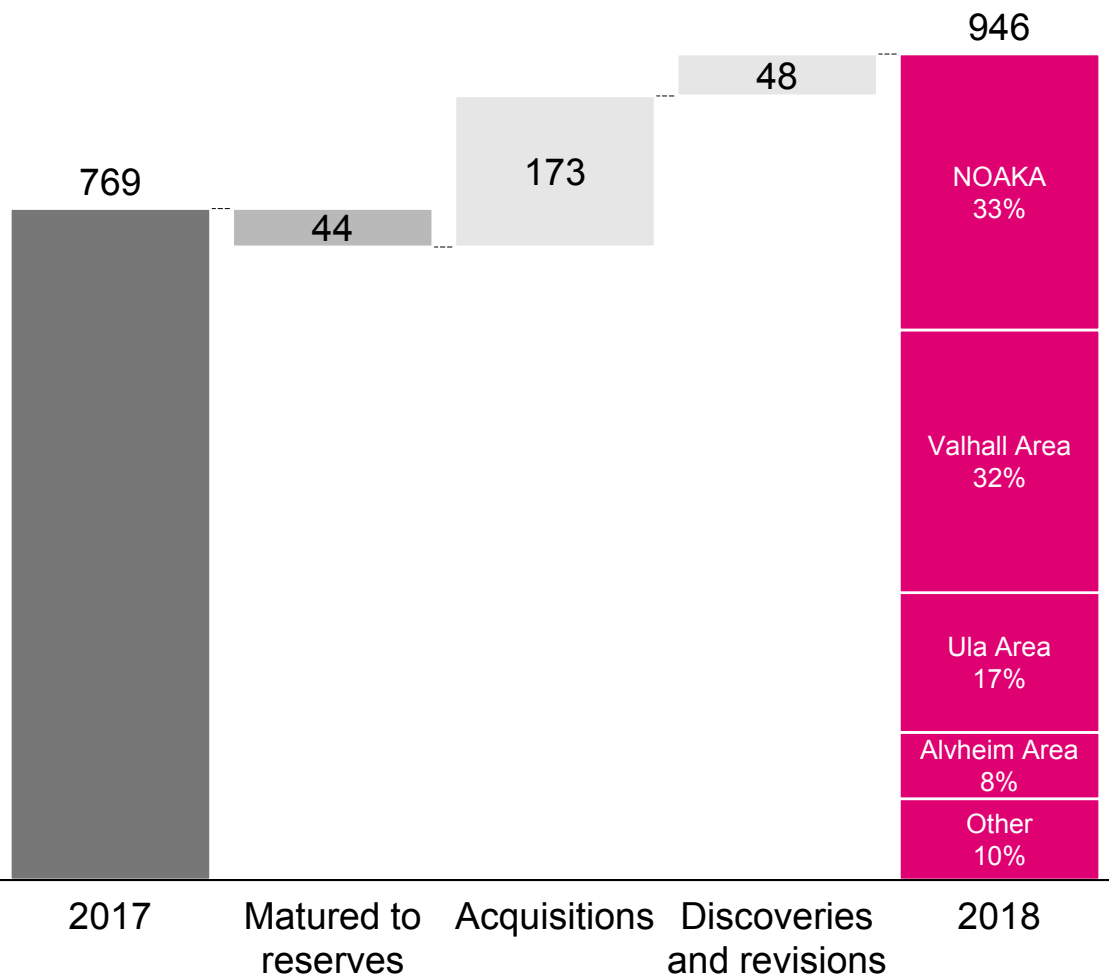
MAXIMIZING VALUE OF OUR PRODUCING ASSETS

# Maturing a large resource base

Development in 2P reserves (mmboe)



Development in 2C contingent resources (mmboe)



MAXIMIZING VALUE OF OUR PRODUCING ASSETS

## Key levers to drive value creation

**EXECUTE**

Safe and reliable operations

**IMPROVE**

Reconstructing the way  
we operate

**GROW**

Adding profitable barrels

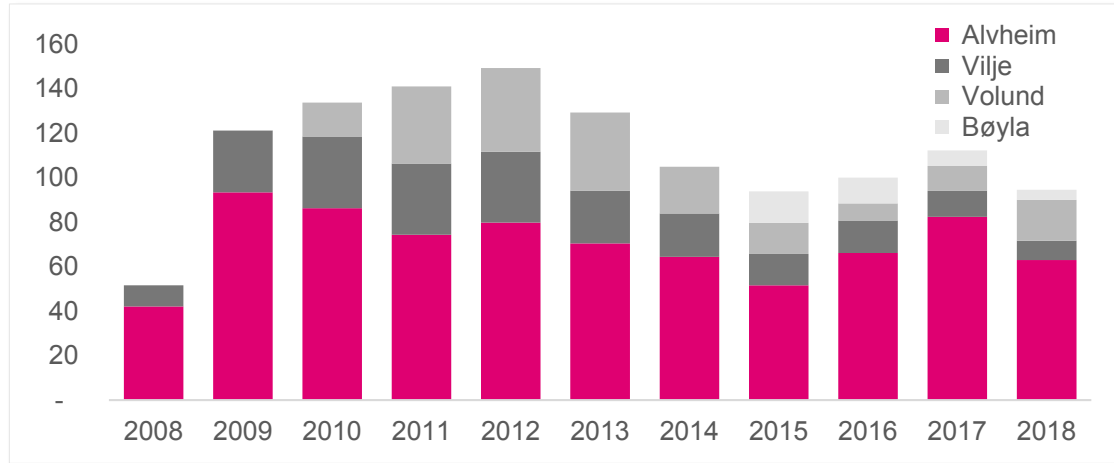


# Alvheim area

## ALVHEIM AREA

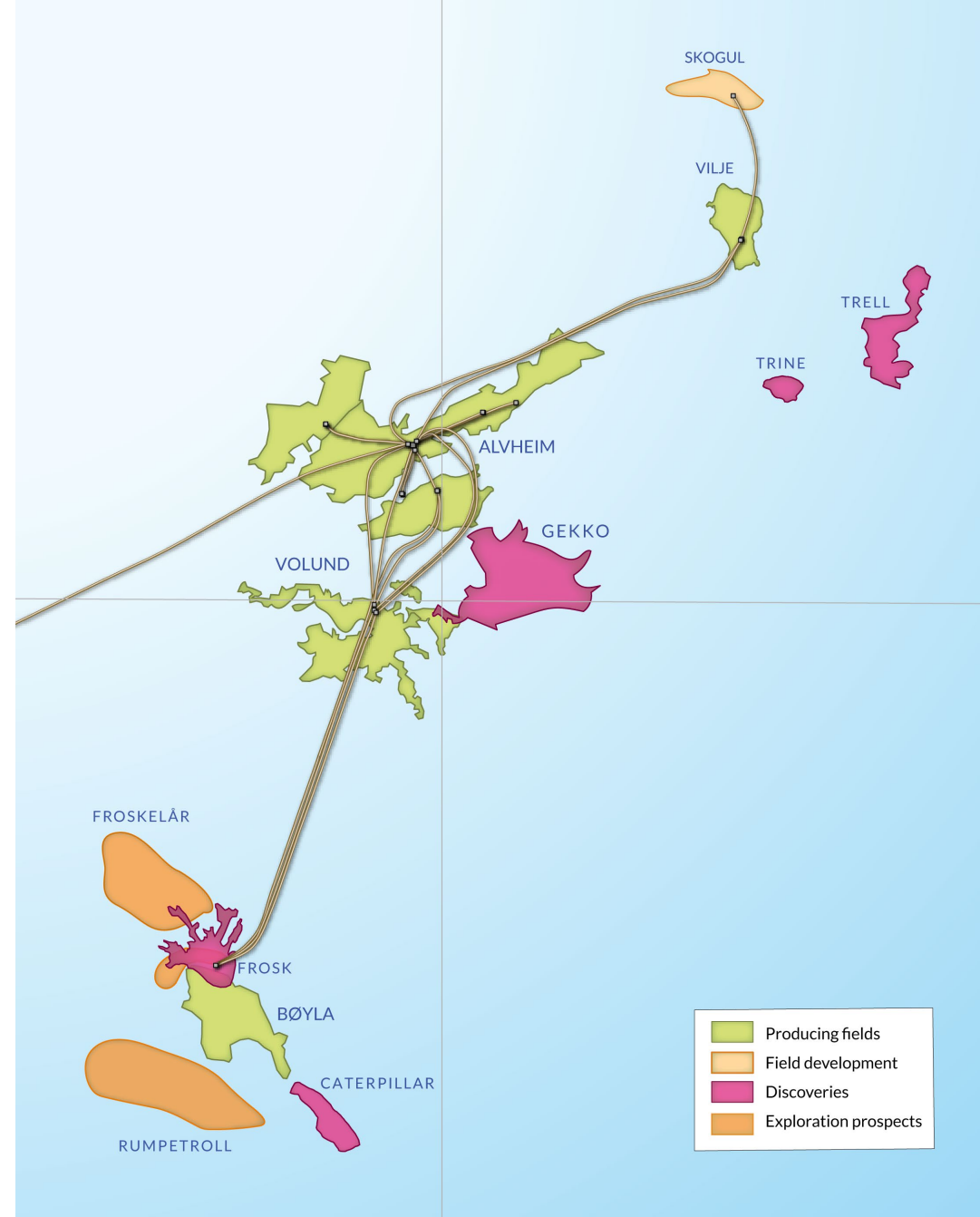
# Alvheim area overview

## Production history (mboepd gross)



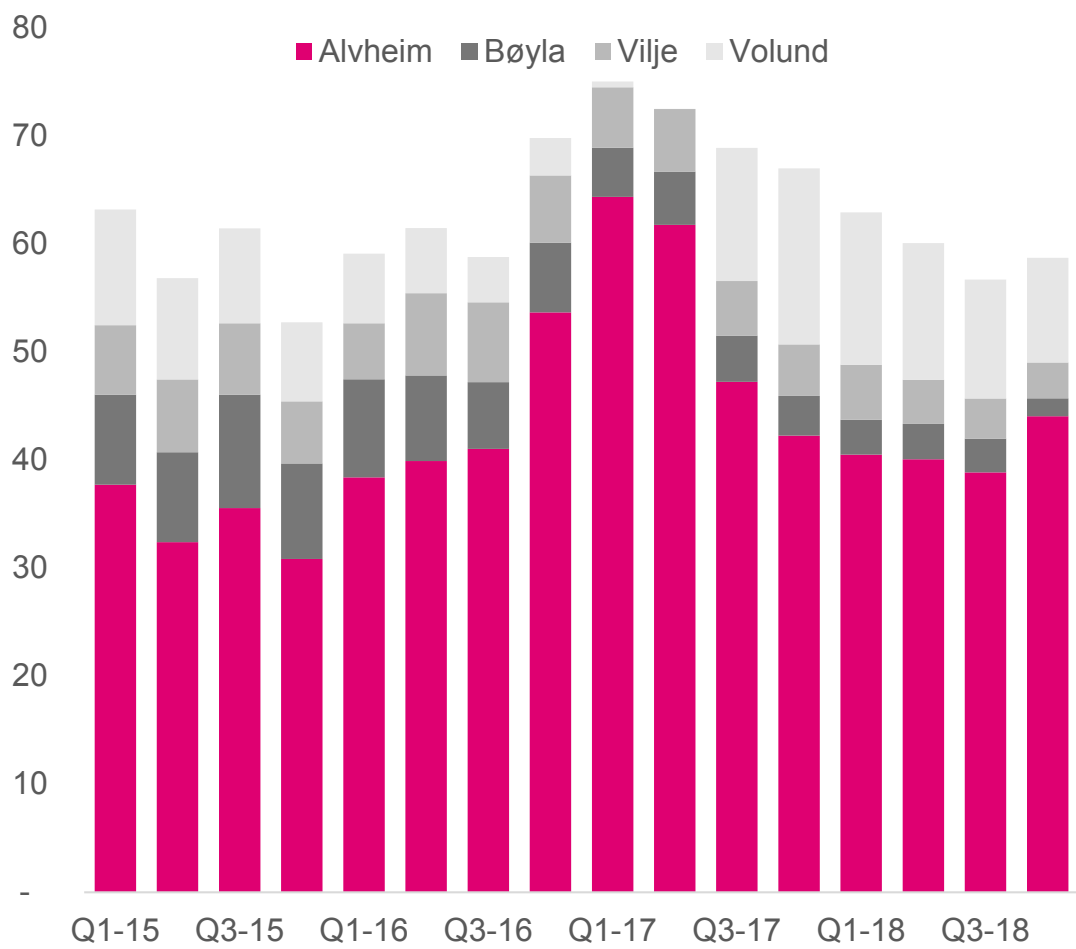
## Ownership and reserves

Field	Licence	Aker BP interest	Partners	2P reserves mmbae net
Alvheim	203	65%	ConocoPhillips, Lundin	66
Volund	150	65%	Lundin	13
Vilje	036 D	46.9%	Equinor, PGNiG	7
Bøyla/Frosk	340	65%	Vår, Lundin	7
Skogul	460	65%	PGNiG	6
<b>Net 2P reserves</b>				<b>99</b>

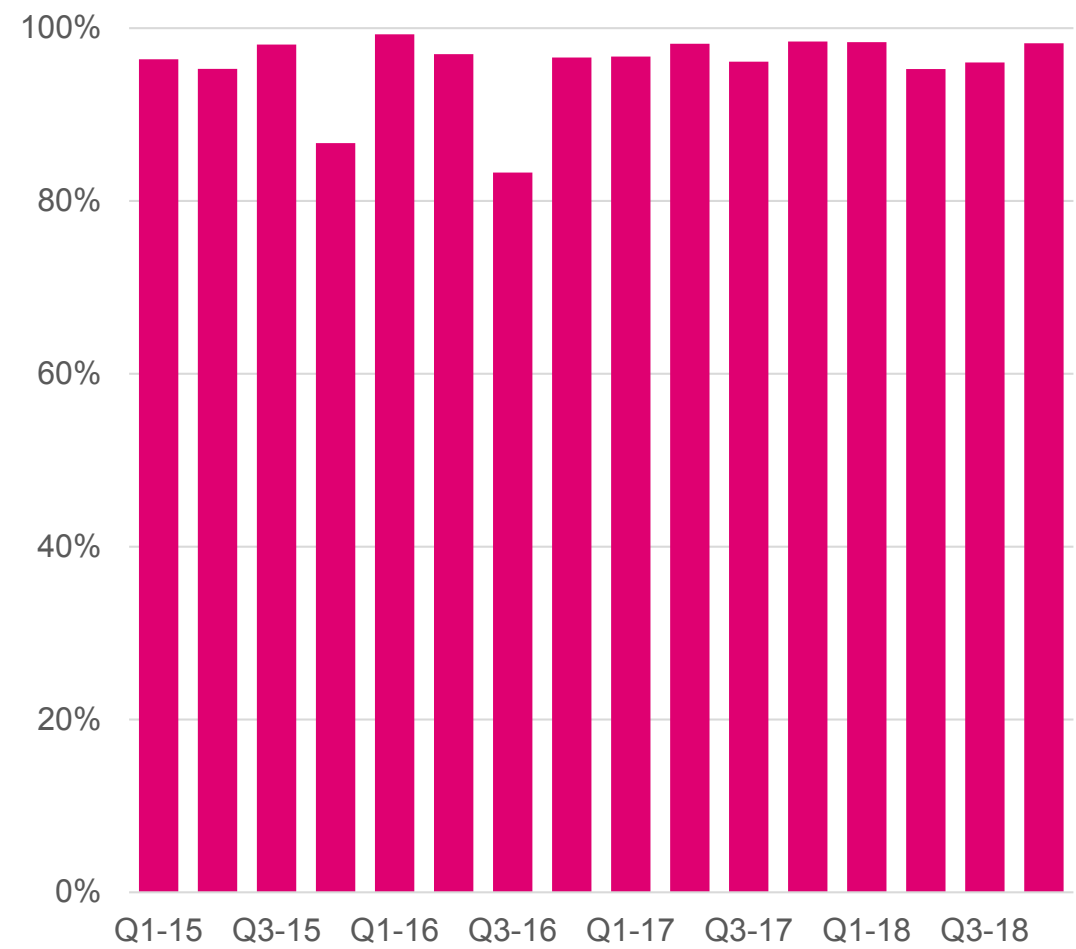


# Outstanding production efficiency

Alvheim area production (mboepd net)



Alvheim area production efficiency

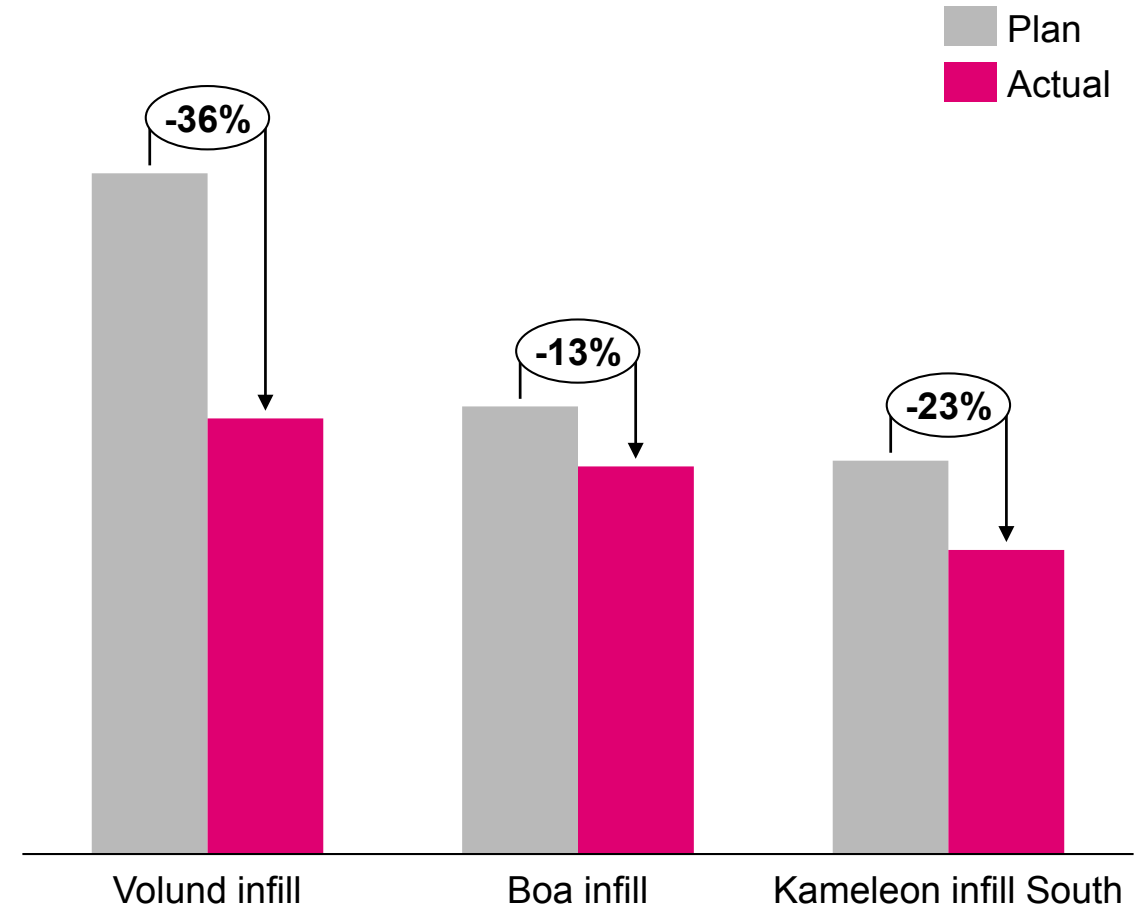


IMPROVE

# Building alliances to drive efficiency improvements

Subsea Alliance – the first of its kind

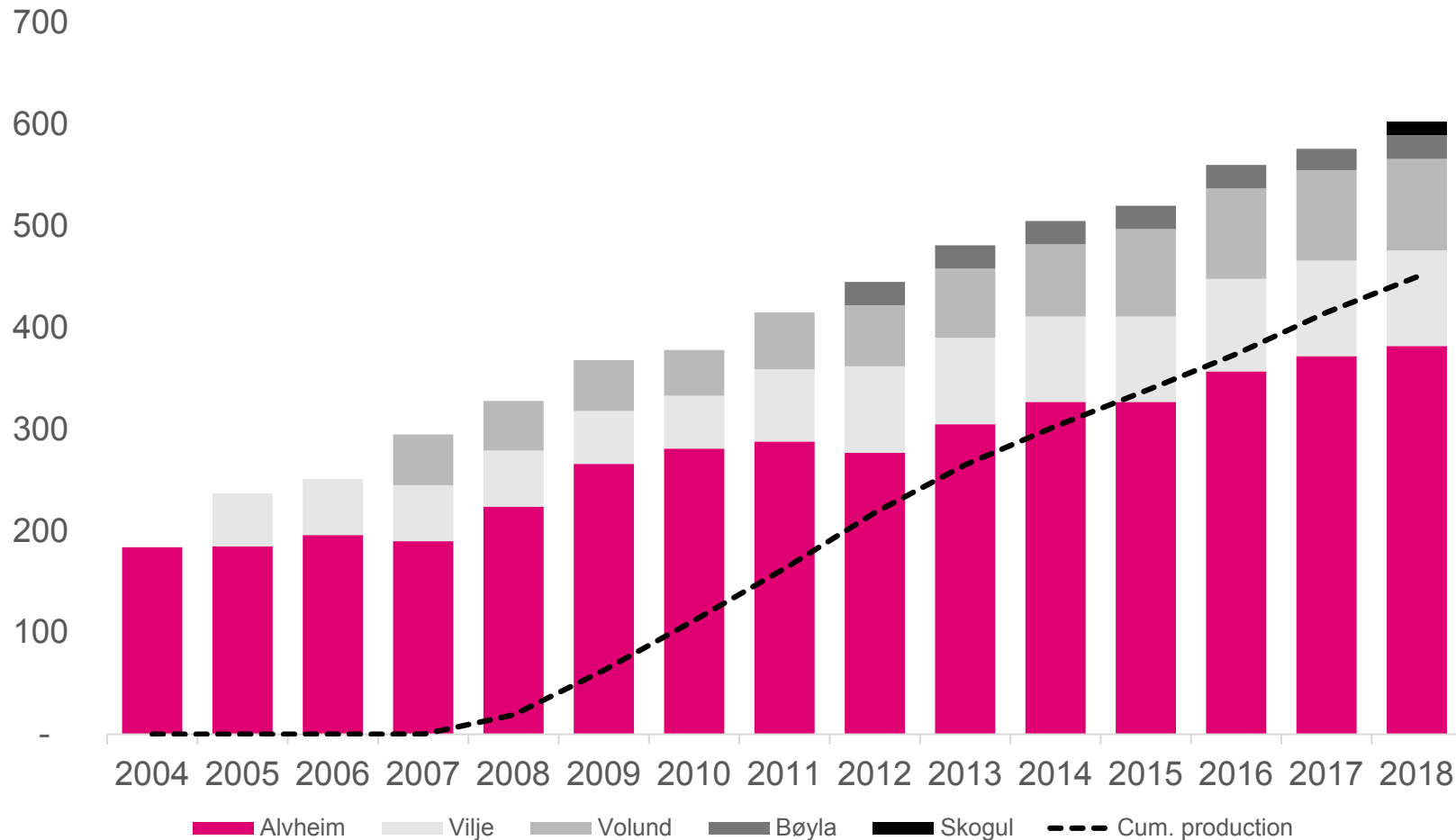
Delivering significant cost improvements<sup>1)</sup>



GROW

# Alvheim's resource base keeps growing

Alvheim area total 2P reserves<sup>1)</sup> (2P mmboe)



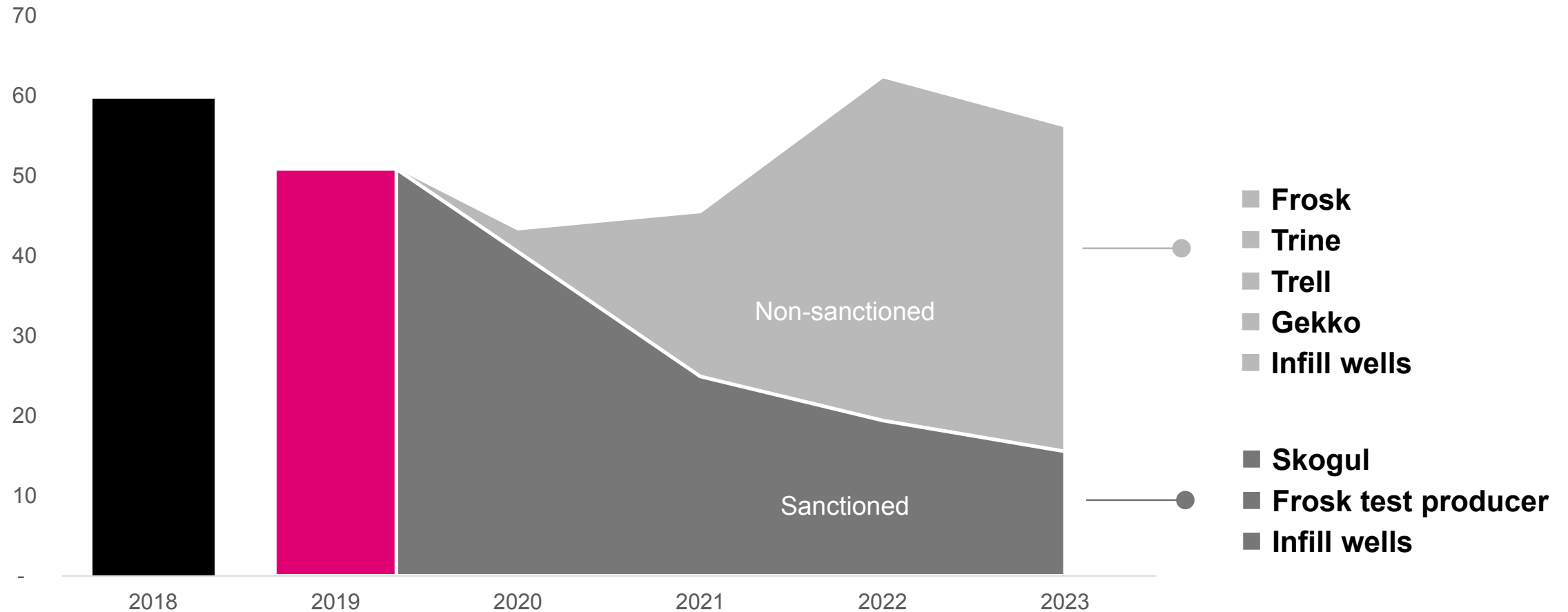
## 2018 resource additions

- Frosk discovery**
  - ~50 mmboe gross
  - Test production from 2019
- Gekko appraisal**
  - ~40 mmboe gross
- Trine & Trell acquisition**
  - ~40 mmboe gross
  - Tieback distance to Alvheim
- More exploration in 2019**
  - Froskelår
  - Rumpetroll

GROW

# Alvheim preparing for the next growth cycle

Alvheim area production outlook (net mboepd)





# Valhall area

VALHALL AREA

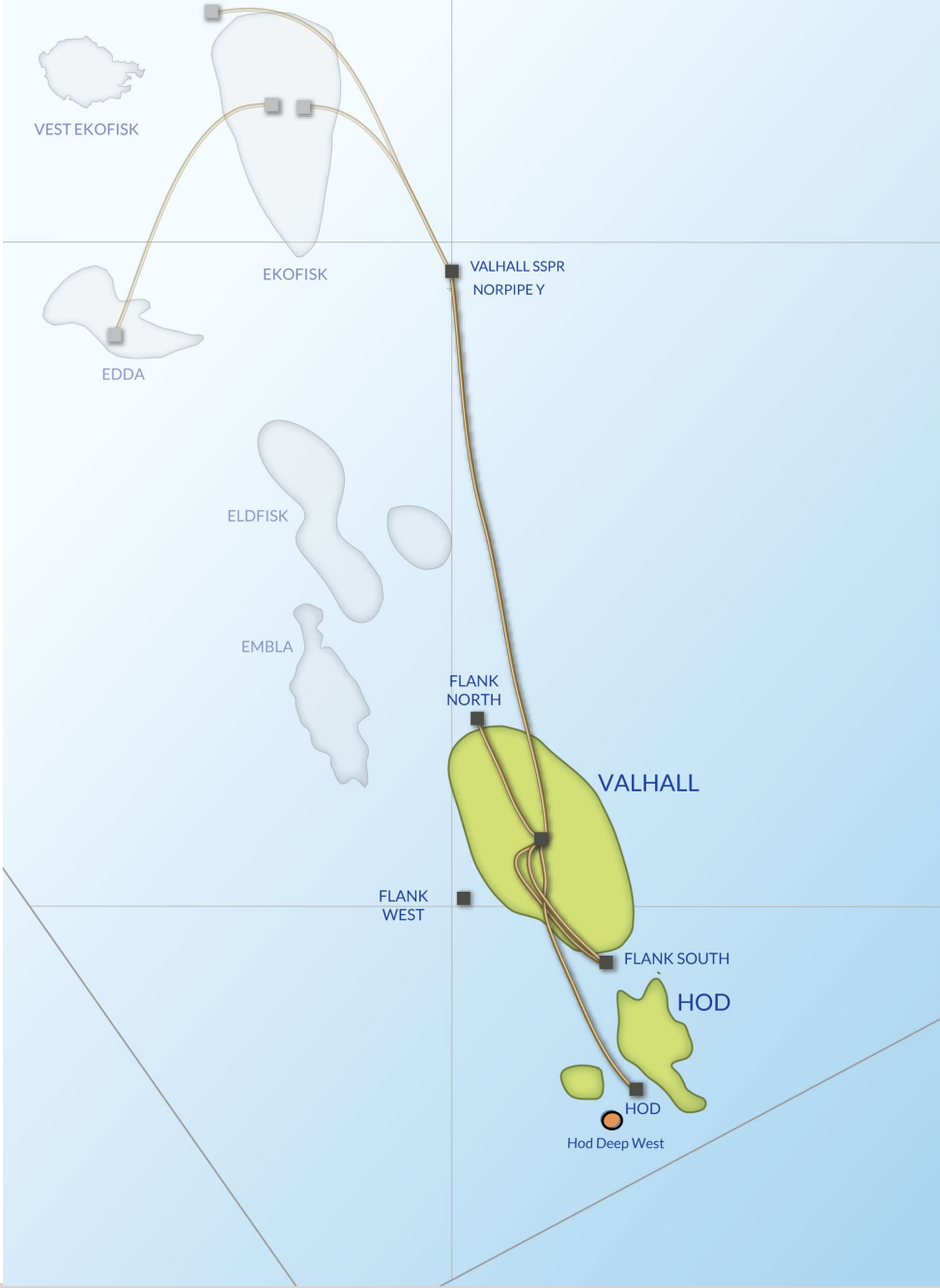
# Valhall area overview

Production history (mboepd gross)



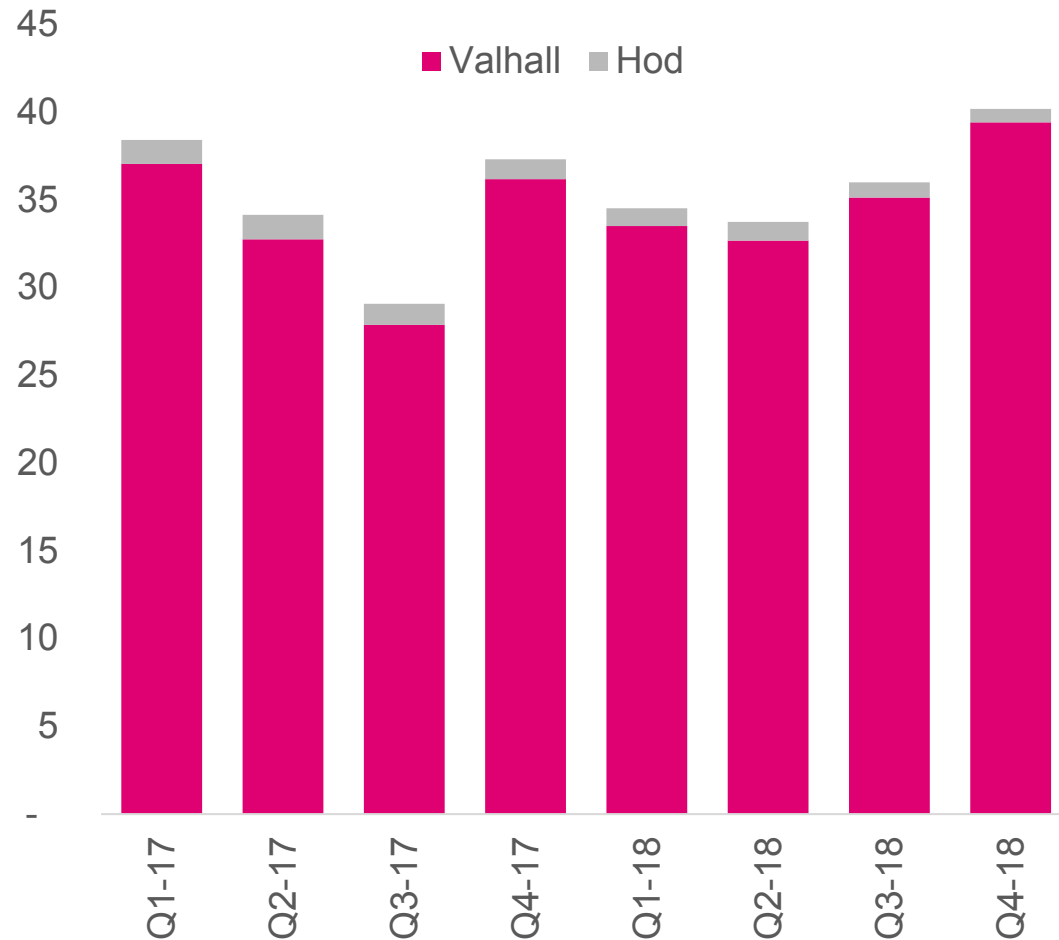
Ownership and reserves

Field	Licence	Aker BP interest	Partners	2P reserves mboe net
Valhall	Valhall Unit	90%	Pandion	262
Hod	033	90%	Pandion	4
Net 2P reserves				265

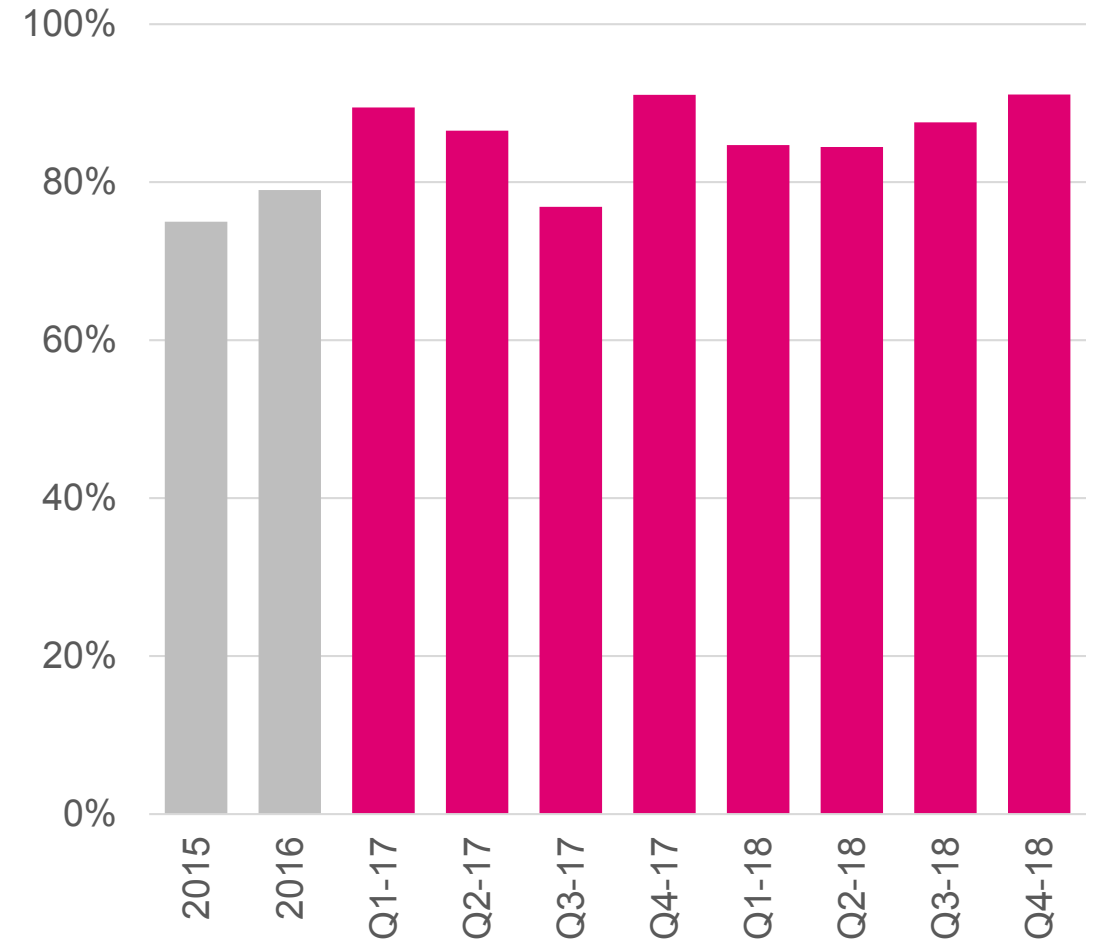


# Valhall – improving regularity and continued drilling

Production volume (mboepd net)



Production efficiency gradually improving



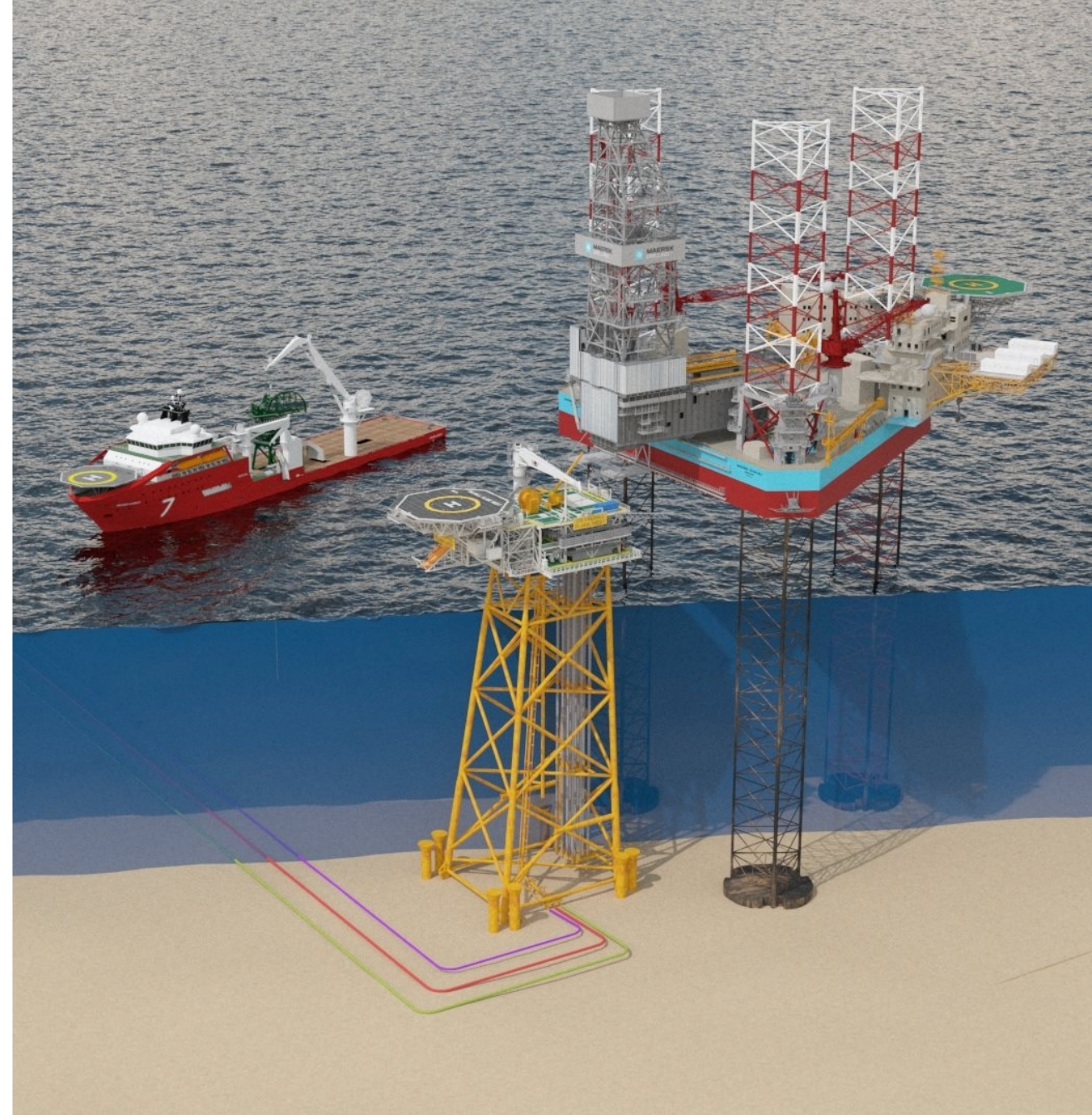
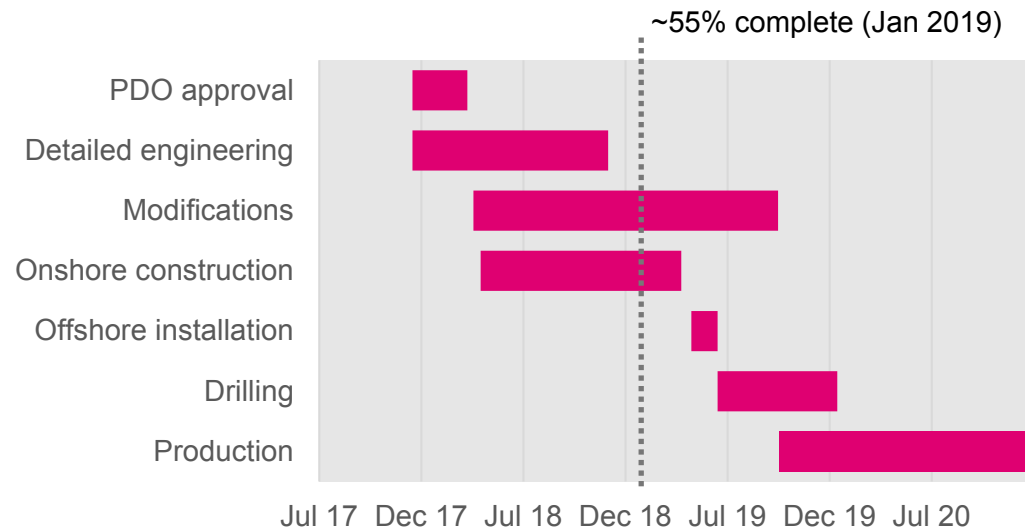
EXECUTE

# Valhall Flank West – on track

## Project description

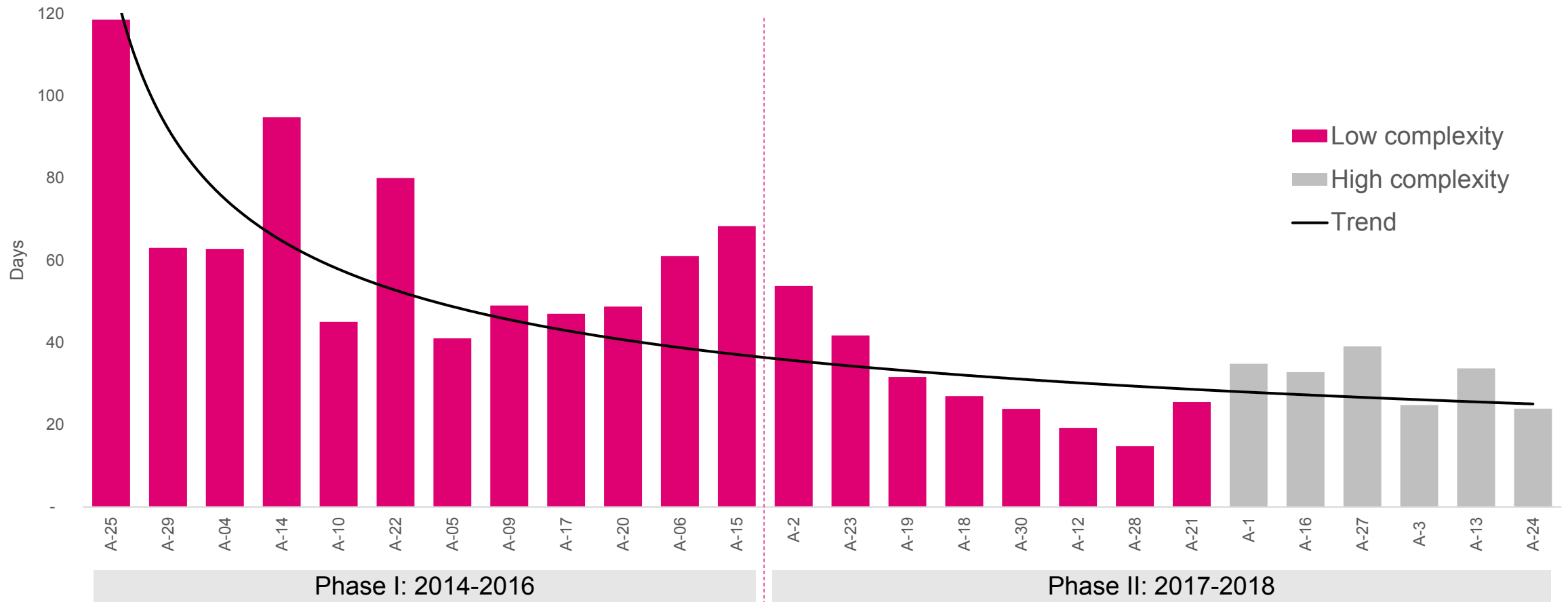
- Reserves 60 mmboe (gross)
- Unmanned wellhead platform tied back to Valhall
- Six wells – option for six more
- Capex NOK 5.5 billion
- Break-even oil price USD 28.5 per barrel

## Progressing as planned



# Continuous improvement in plugging performance

Faster, cheaper and with minimal CO2 and NOx emissions



IMPROVE

# Targeting cheaper, better and smarter wells

Fishbones – a promising stimulation technology currently being tested at Valhall



*“Oil and gas in tight reservoirs represent huge opportunities for value creation on the NCS. However, profitable recovery requires willingness from operators and licensees to test and implement new technologies, such as the Fishbones stimulation.”*

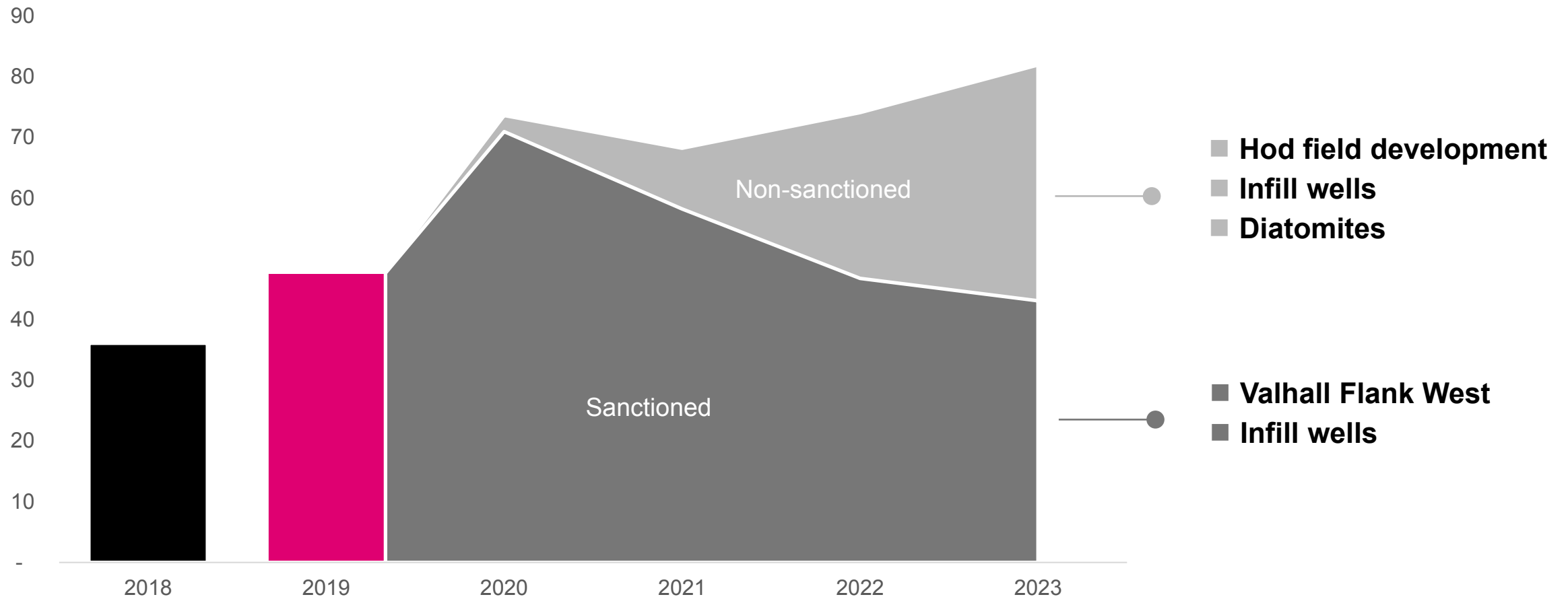
Ingrid Sølvsberg  
Director Development and operations



GROW

# Towards a doubling of production

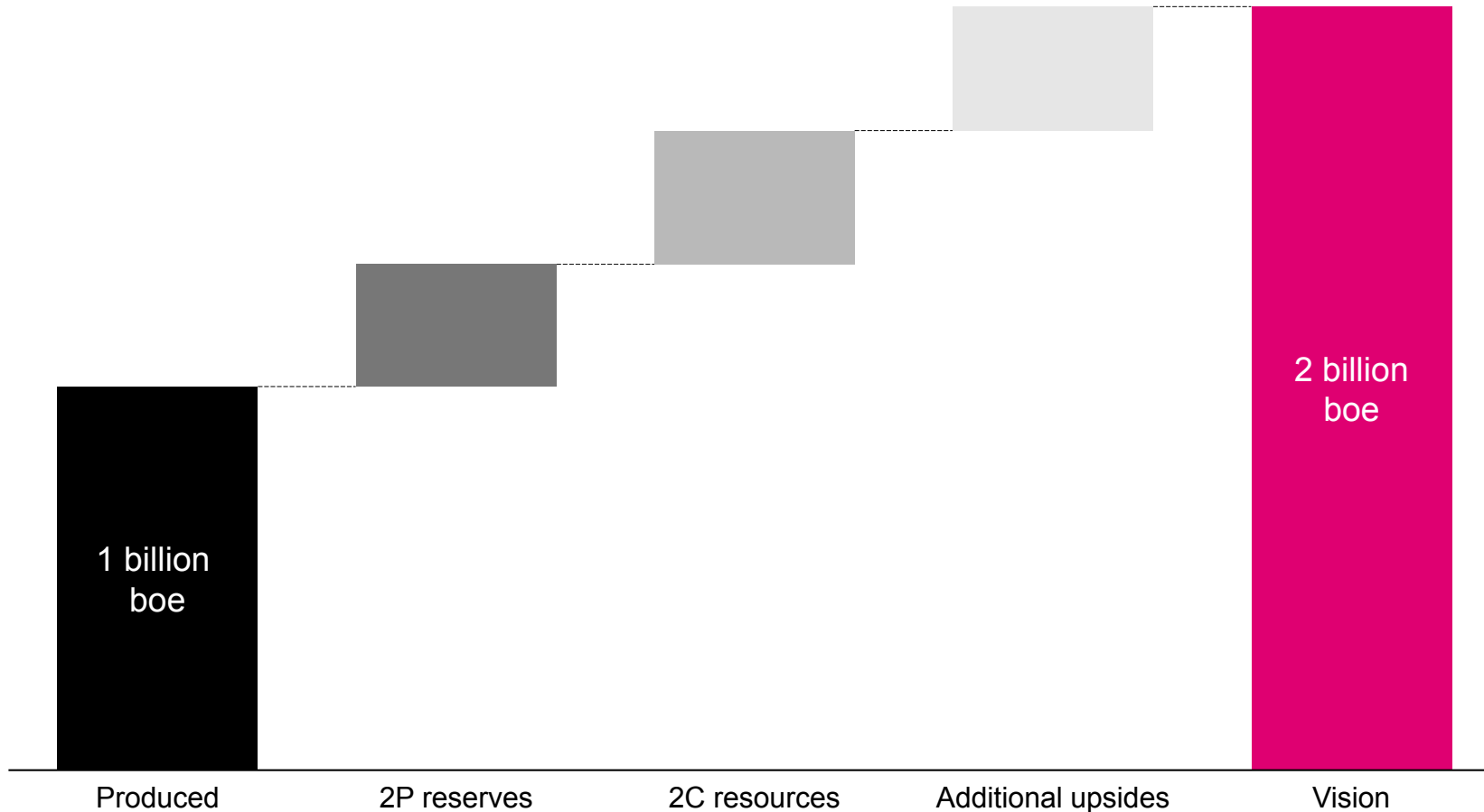
Valhall area production outlook (net mboepd)



GROW

# Huge resource potential to be unlocked at Valhall

Ambition to produce another billion barrels from the Valhall area<sup>1)</sup>



## Strategy

- **Develop infrastructure**
  - Production wells
  - Water injection
  - Wellhead platforms
- **Apply LEAN mindset**
  - Huge opportunity set allows for continuous improvement
  - Execute – learn – repeat
- **Apply new technology**
  - Automated drilling
  - Improved completions
  - Multilateral wells
  - Optimize production with digital tools
  - Remote operations



# Ivar Aasen

IMPROVE

# First manned platform in Norway to be controlled from shore

## Onshoring the Ivar Aasen control room

- Implemented 16 January 2019
- Developing industry-leading digital solutions to gain experience and prepare Aker BP's Field of the Future
- Improved collaboration with onshore engineering resources

An important step towards the

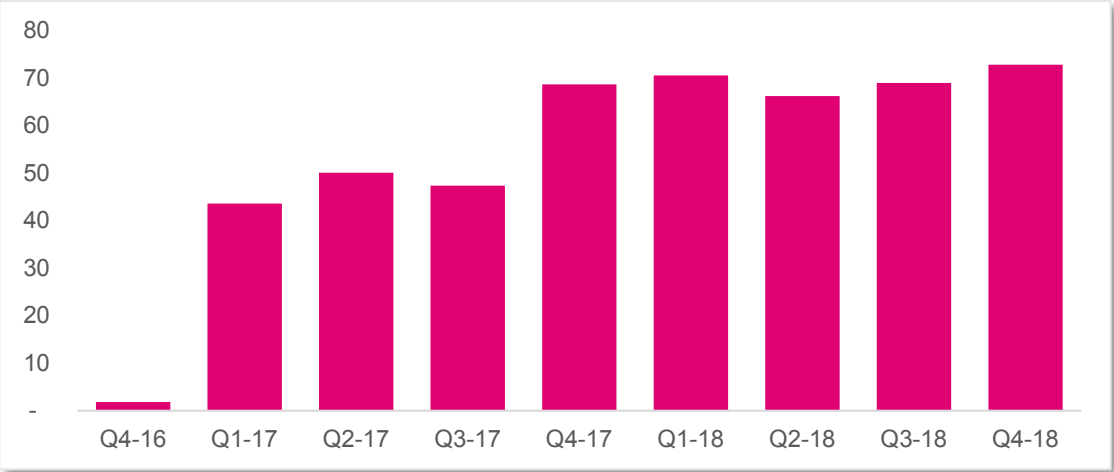
# Field of the Future



*The offshore control room moved onshore as the first in Norway*

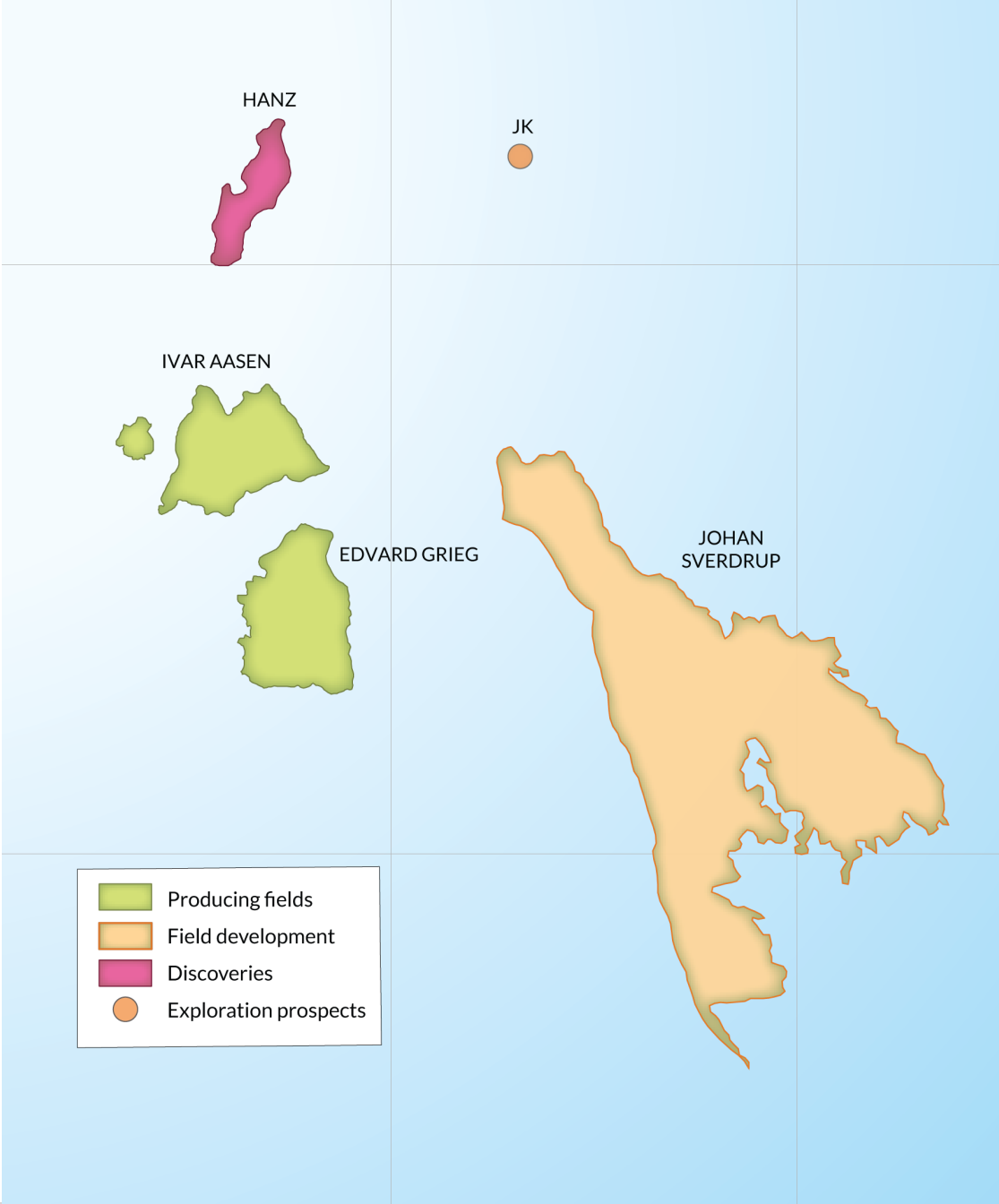
# Ivar Aasen overview

Production history (mboepd gross)



Ownership and reserves

Field	Licence	Aker BP interest	Partners	2P reserves mmboe net
Ivar Aasen	Ivar Aasen Unit	34.8%	Equinor, Spirit, Wintershall, Neptune, Lundin, OKEA	49
Hanz	028 B	35.0%	Equinor, Spirit	6
Net 2P reserves				55



IMPROVE

# Smart service contract with Framo and Cognite



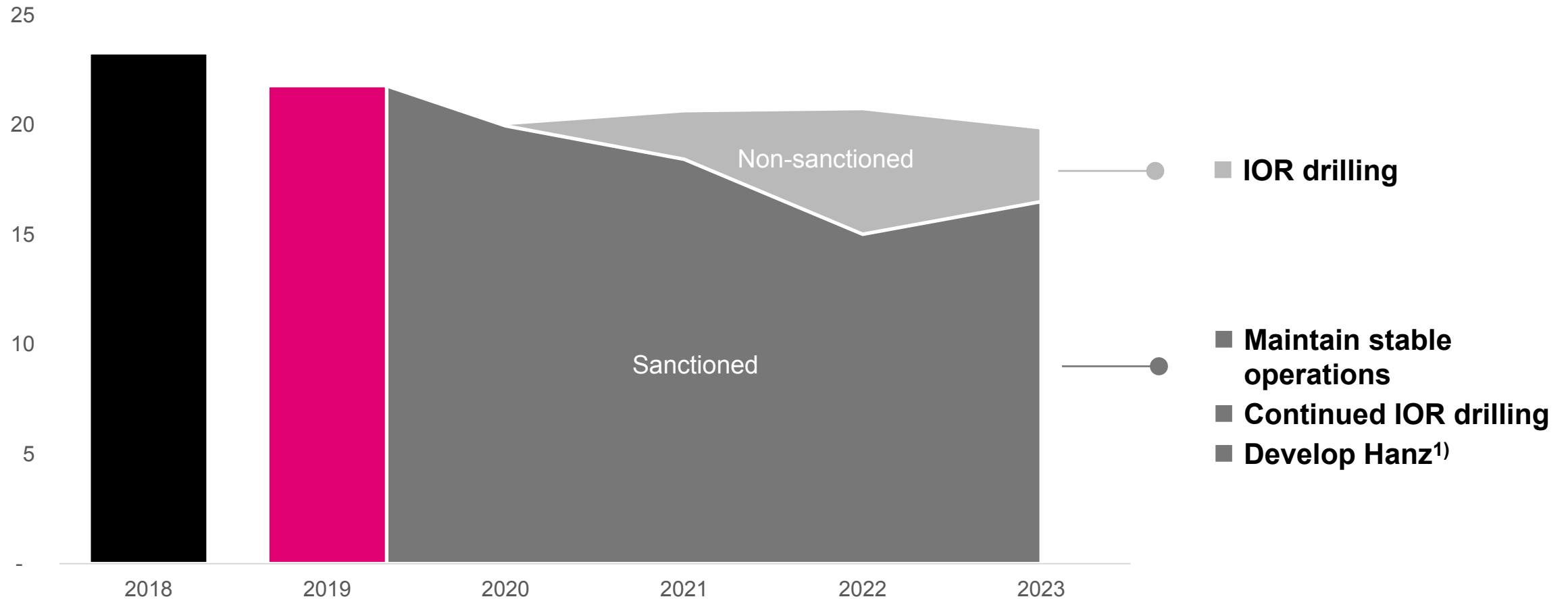
- New approach to operations and maintenance
- Providing live data to the pump producer from three Aker BP fields
- Has already contributed to design improvements
- Enabling “pumping as a service” and new business models for Aker BP



GROW

# Targeting stable production

Ivar Aasen production outlook (mboepd net)

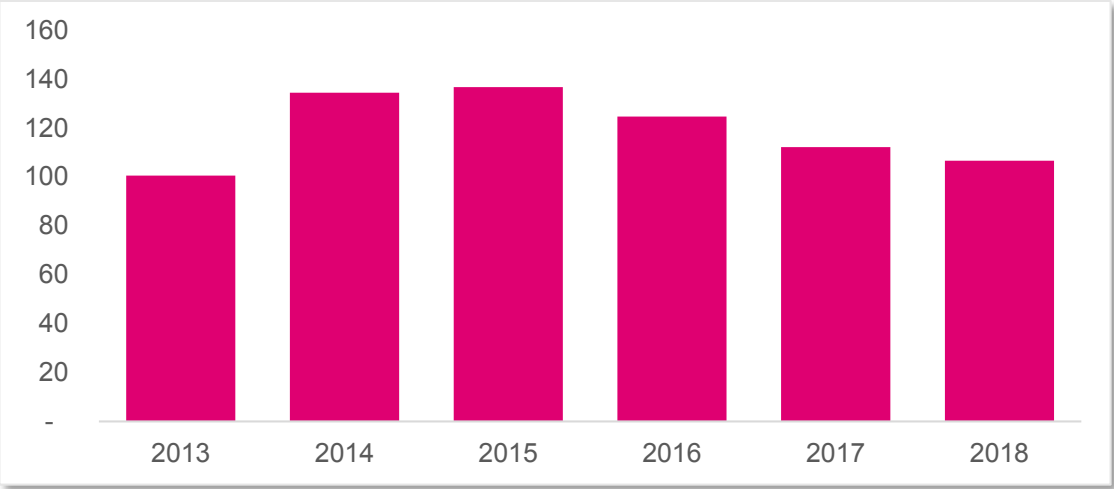




# Skarv

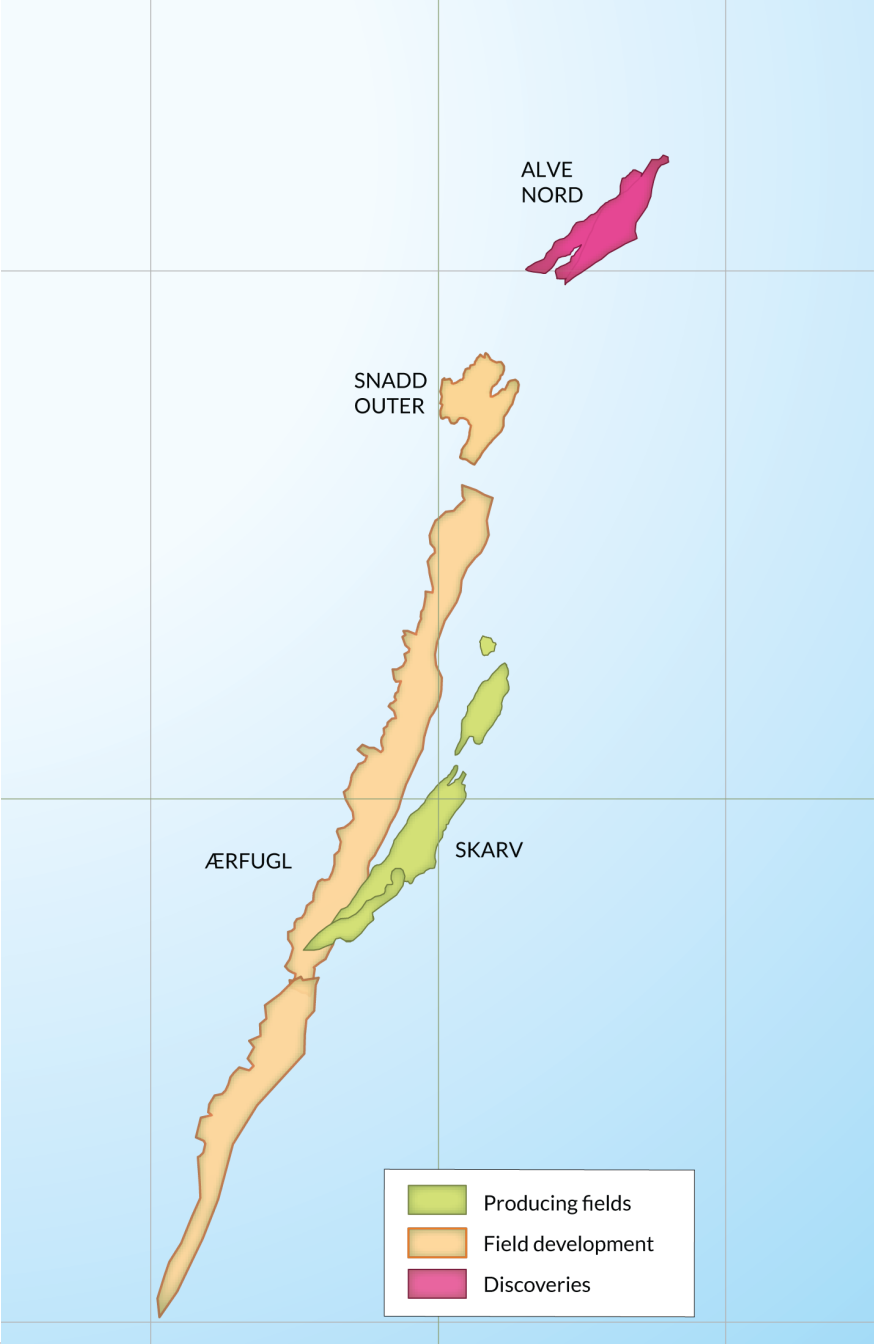
# Skarv area overview

Production history (mboepd gross)



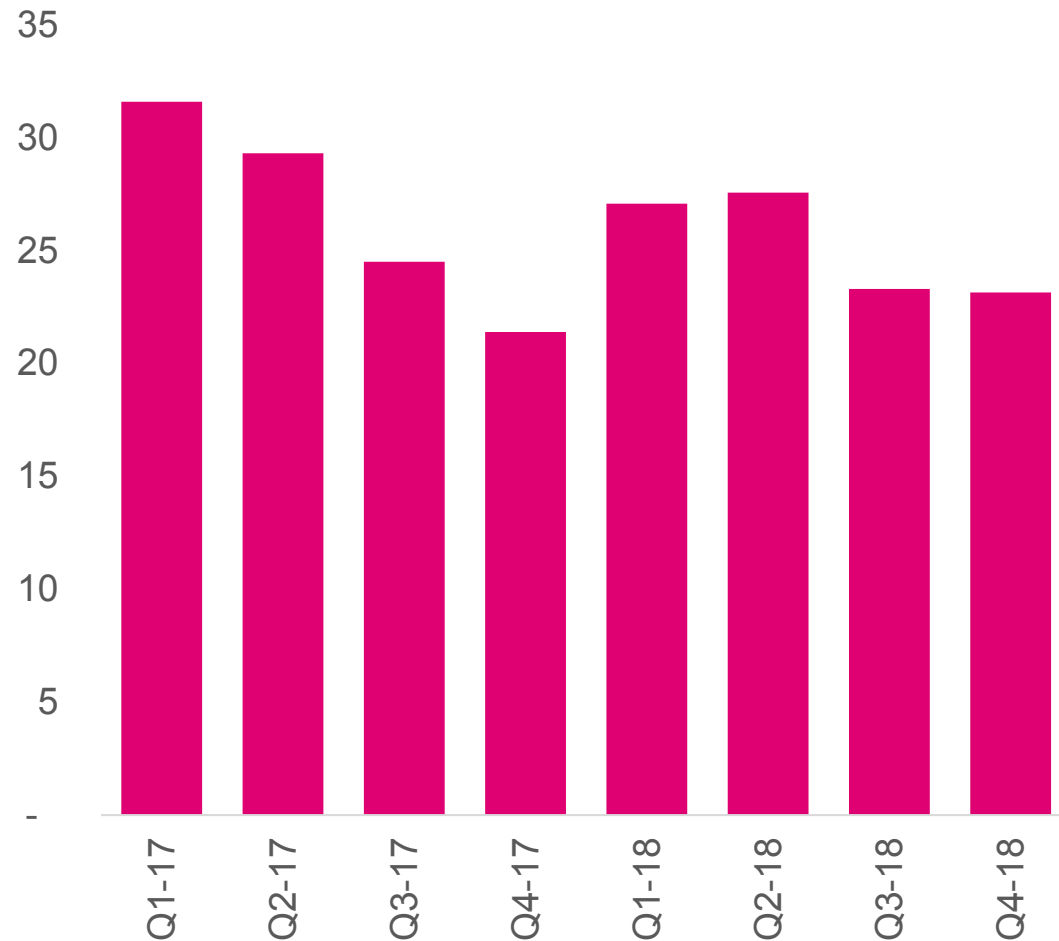
## Ownership and reserves

Field	Licence	Aker BP interest	Partners	2P reserves mmboe net
Skarv & Ærfugl	Skarv Unit	23.835%	Equinor, DEA, PGNiG	90
Snadd Outer	212 E	30%	Equinor, DEA, PGNiG	15
Net 2P reserves				106

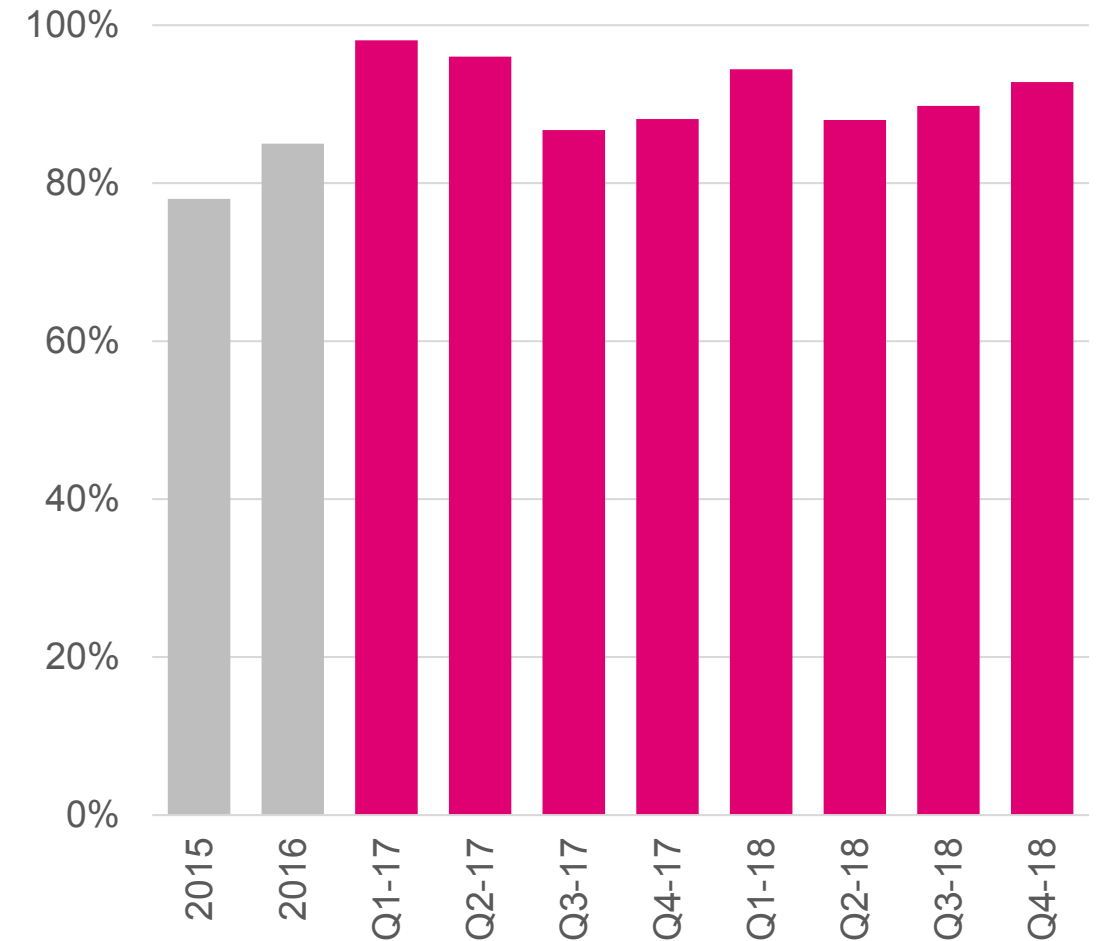


# Driving productivity improvements at Skarv

Production per quarter (mboepd net)



Production efficiency



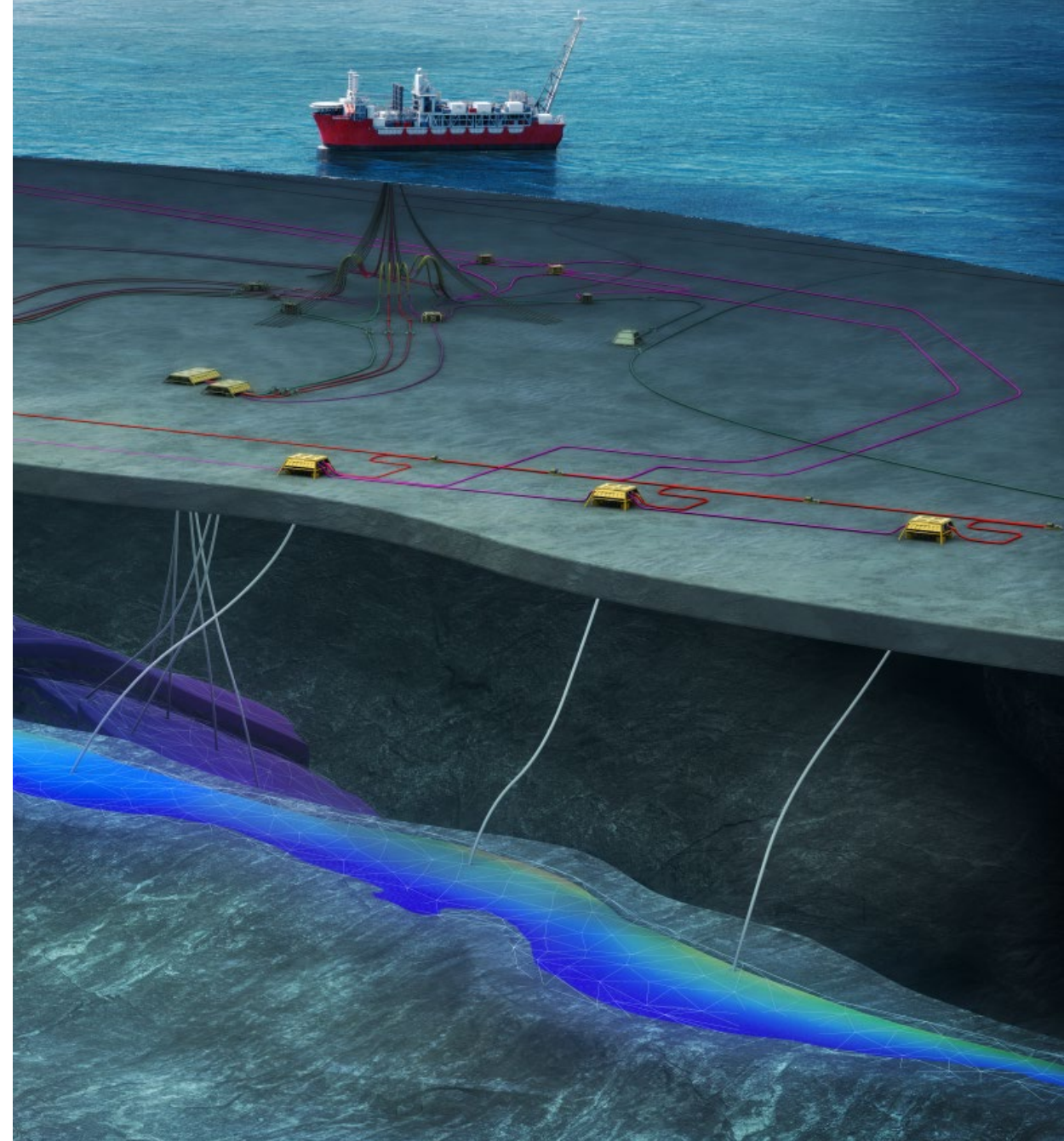
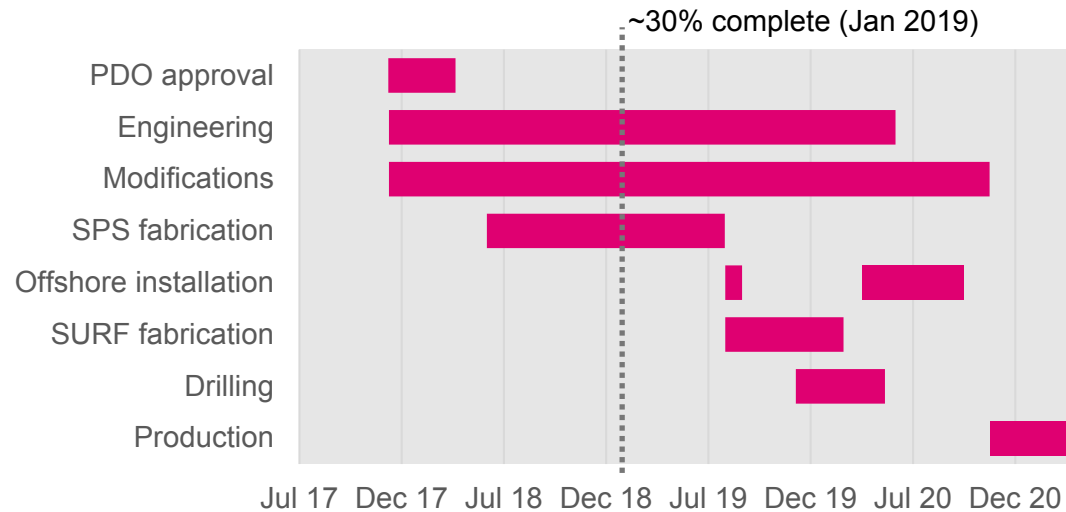
EXECUTE

# Ærfugl development on track

## Tie-back to Skarv

- Gross reserves 275 mmboe
- Capex NOK 4.5 billion (PDO estimate, phase 1)
- Production start late 2020
- Break-even oil price USD 18.5 per barrel
- Phase 2 concept selection planned in 2019

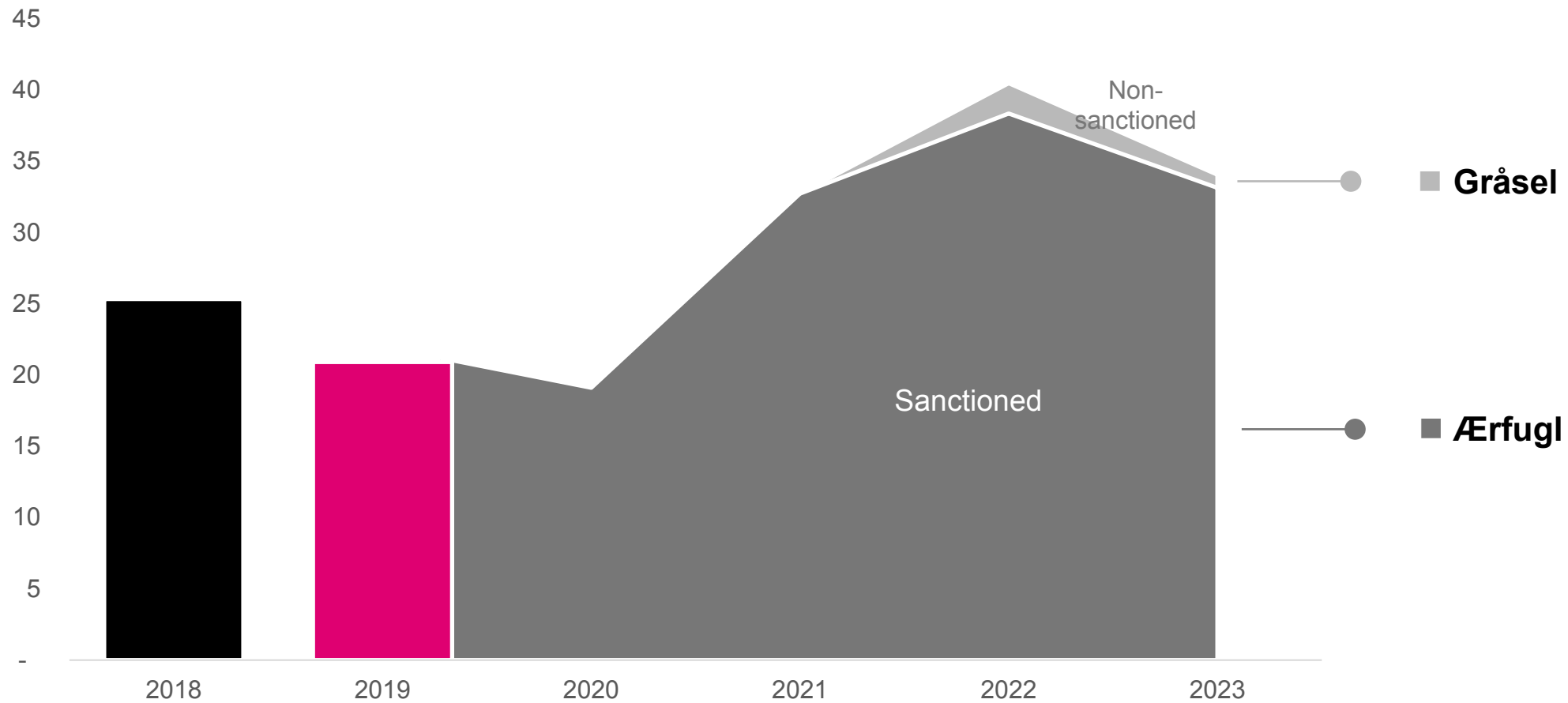
## Progressing as planned



GROW

# Skarv production to be boosted by Ærfugl

Skarv area production outlook (mboepd net)

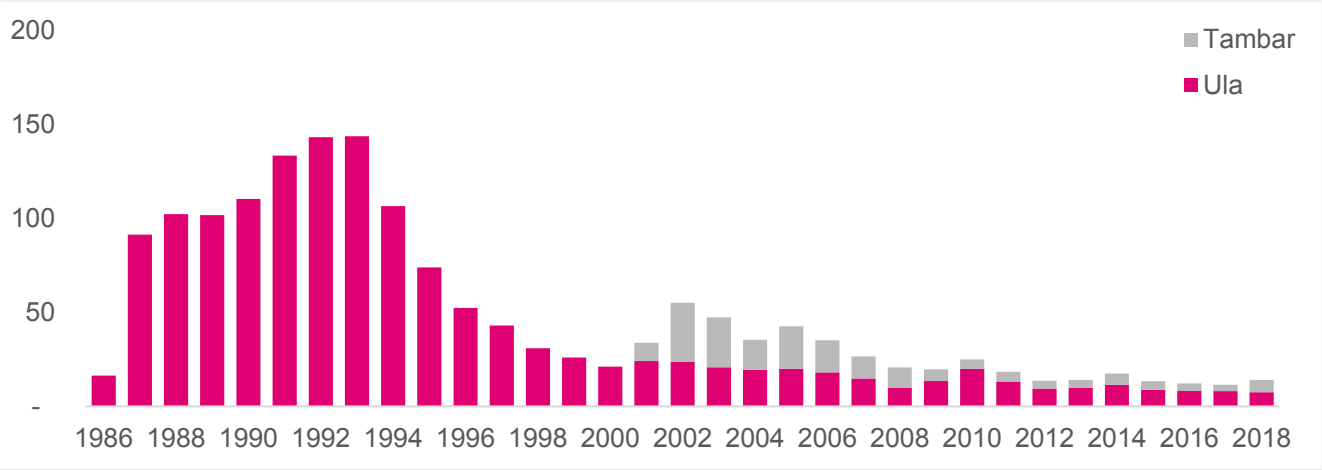




# Ula

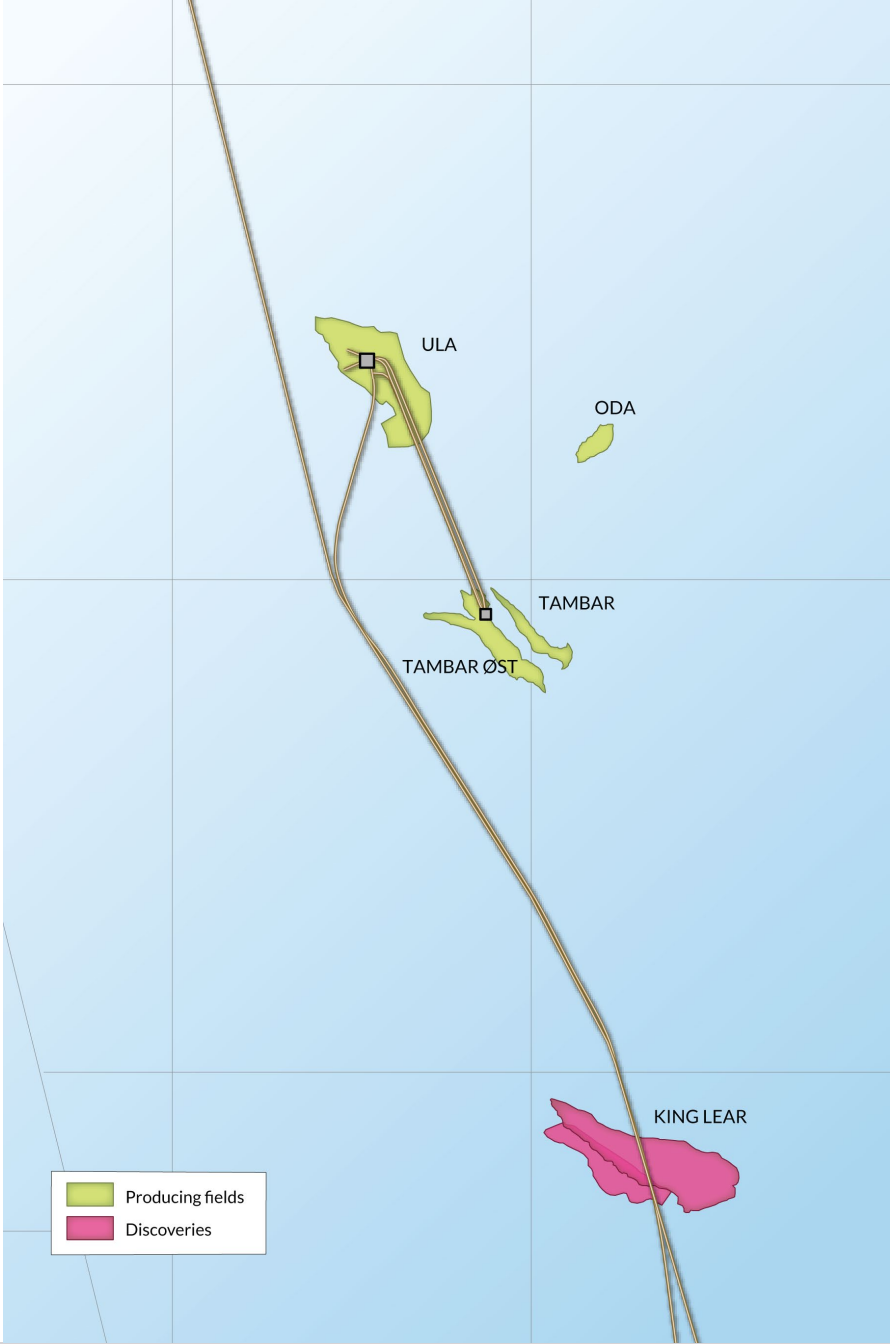
# Ula area overview

Ula area production history (mboepd gross)



## Ownership and reserves

Field	Licence	Aker BP interest	Partners	2P reserves mmboe net
Ula	019	80%	Faroe	39
Tambar	065	55%	Faroe	8
Oda	405	15%	Spirit (operator), Suncor, Faroe	7
Net 2P reserves				54



## IMPROVE

# Establishing stable and robust operations at Ula

## Current priorities for the Ula area

### ■ Upgrading the facilities

- Improve HSE standards
- Enable efficient drilling
- Strengthen integrity
- Improve production regularity

### ■ Build a better subsurface understanding

- Improve reservoir model
- Reservoir pilots supporting growth strategy
- Optimize production efficiency

### ■ Stabilize production

- Oda on stream
- Drilling of new Ula wells

### ■ Develop plan for growth

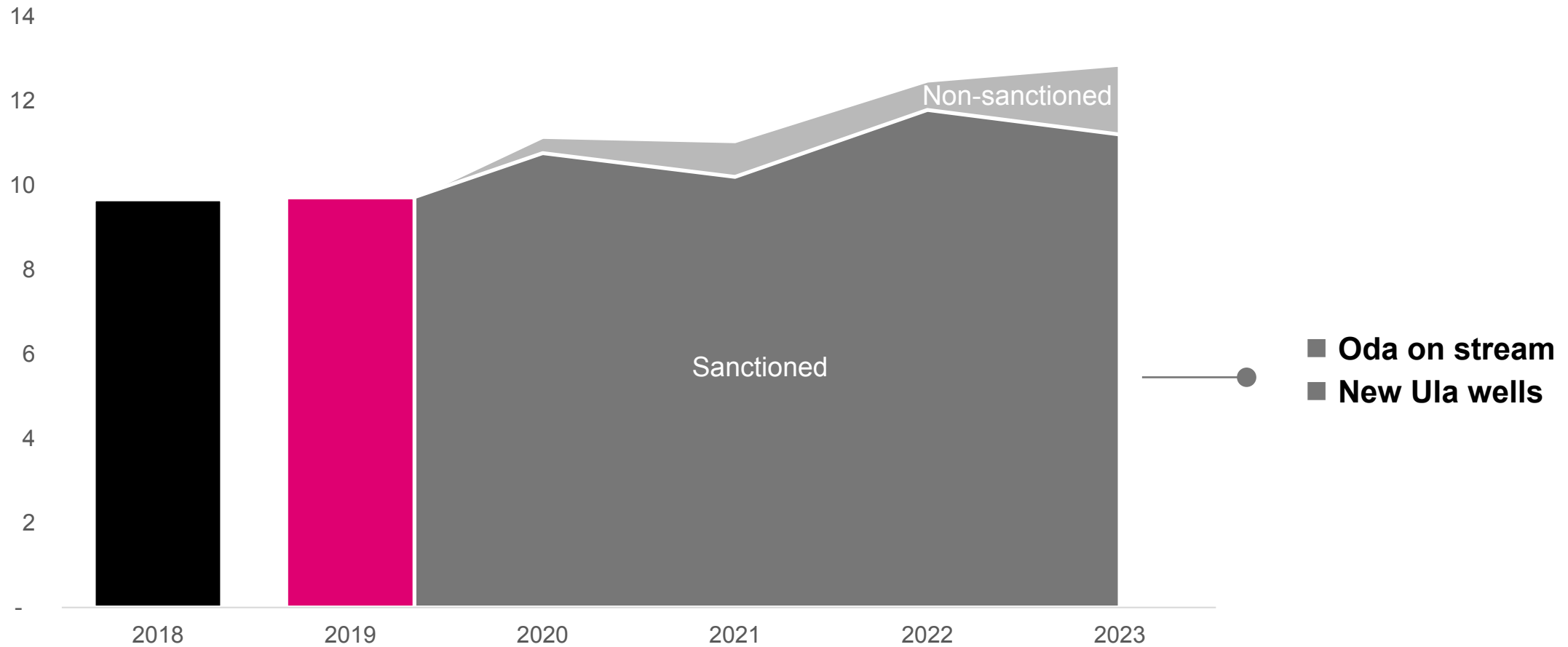
- IOR targets
- Tie-back opportunities
- Exploration



GROW

# Gradually maturing new growth initiatives

Ula area production outlook (mboepd net)



# Ambition to rejuvenate Ula as area hub

## Significant growth opportunities

### ■ Increased oil recovery

- The Ula reservoir has responded extremely well to WAG and has further potential to be exploited
- Further potential in Ula Triassic
- Tambar infill and injection options

### ■ Tie-ins of discoveries

- King Lear acquired in 2018 – can provide Ula with gas to maximize WAG production
- Discoveries with Aker BP interest: Krabbe and Desmond
- Third party discoveries

### ■ Exploration potential

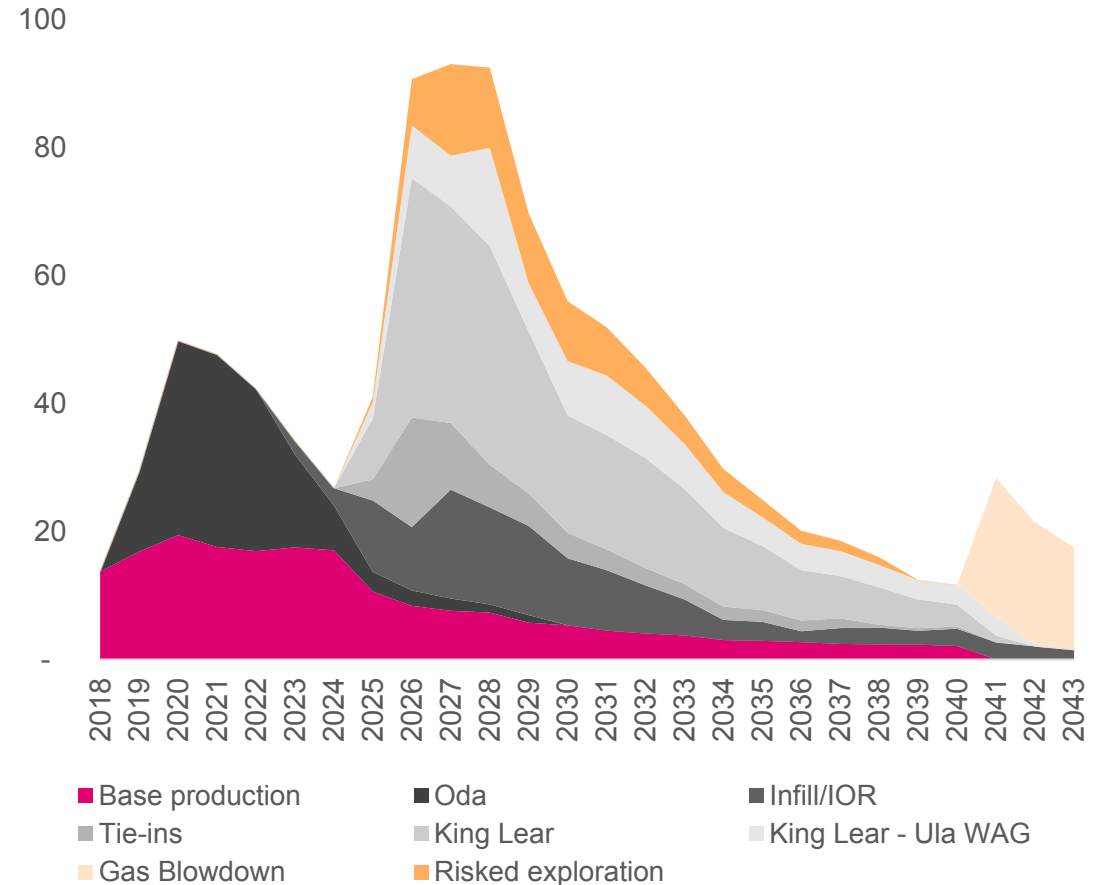
- Several targets identified – Kark to be drilled in 2019
- Focusing on further prospectivity in Upper Jurassic

### ■ Additional platform required

- Focusing on maturing the projects
- Timing of new production is estimated from 2025

## Ula Area - illustrative production potential

mboepd gross



MAXIMIZING VALUE OF OUR PRODUCING ASSETS

## Key levers to drive value creation



# Our main growth projects

Capital Markets Day 2019

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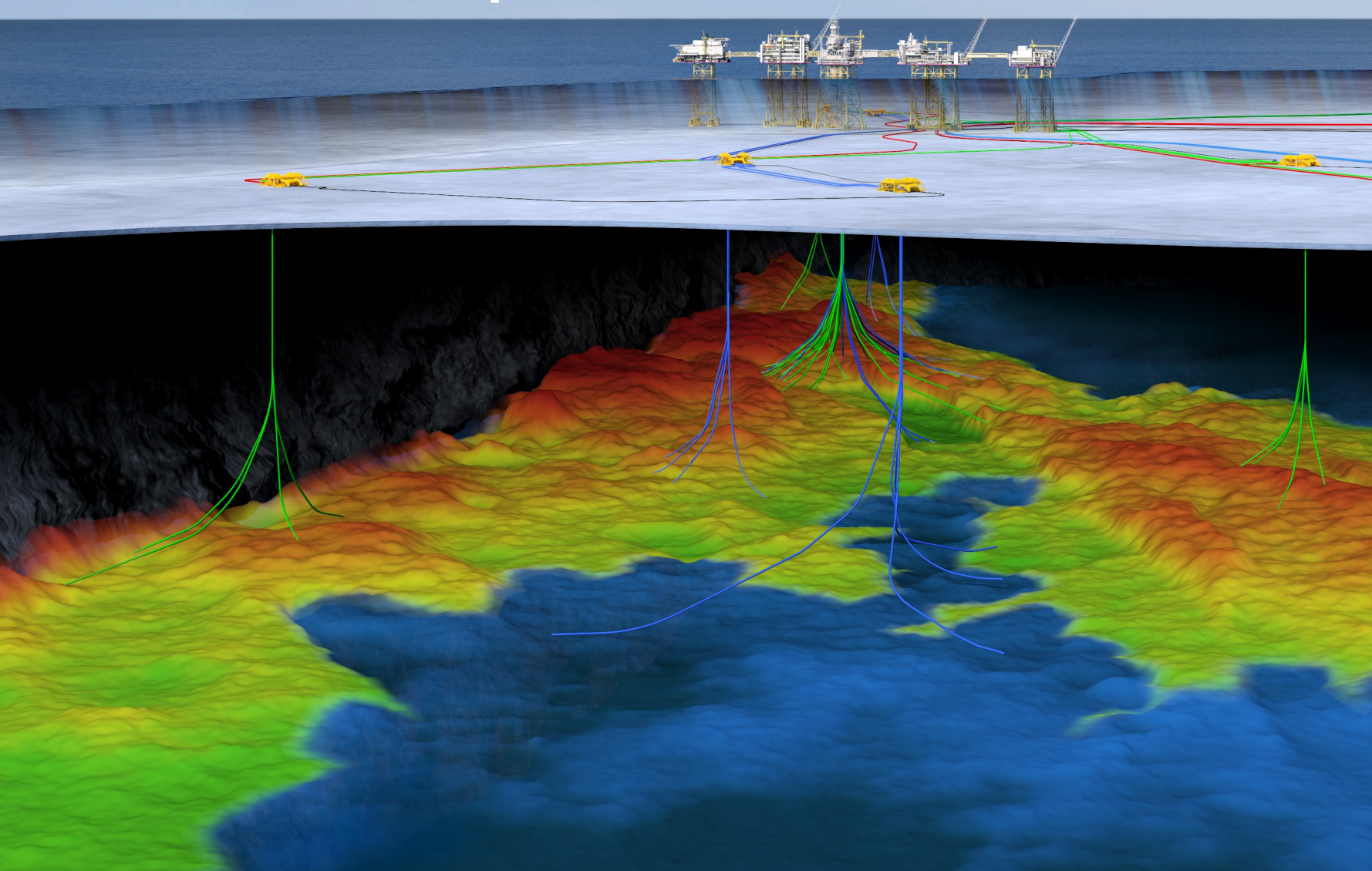
**Karl Johnny Hersvik**  
Chief Executive Officer





# Johan Sverdrup

# Johan Sverdrup – a world class oil field



## KEY FACTS

### ■ A Norwegian giant

- Gross resources: 2.2-3.2 bn boe
- Current reserves: 2.7 bn boe

### ■ Aker BP interest 11.57%

- Operated by Equinor

### ■ Phase 1

- First oil plan November 2019
- Processing capacity 440 mboepd

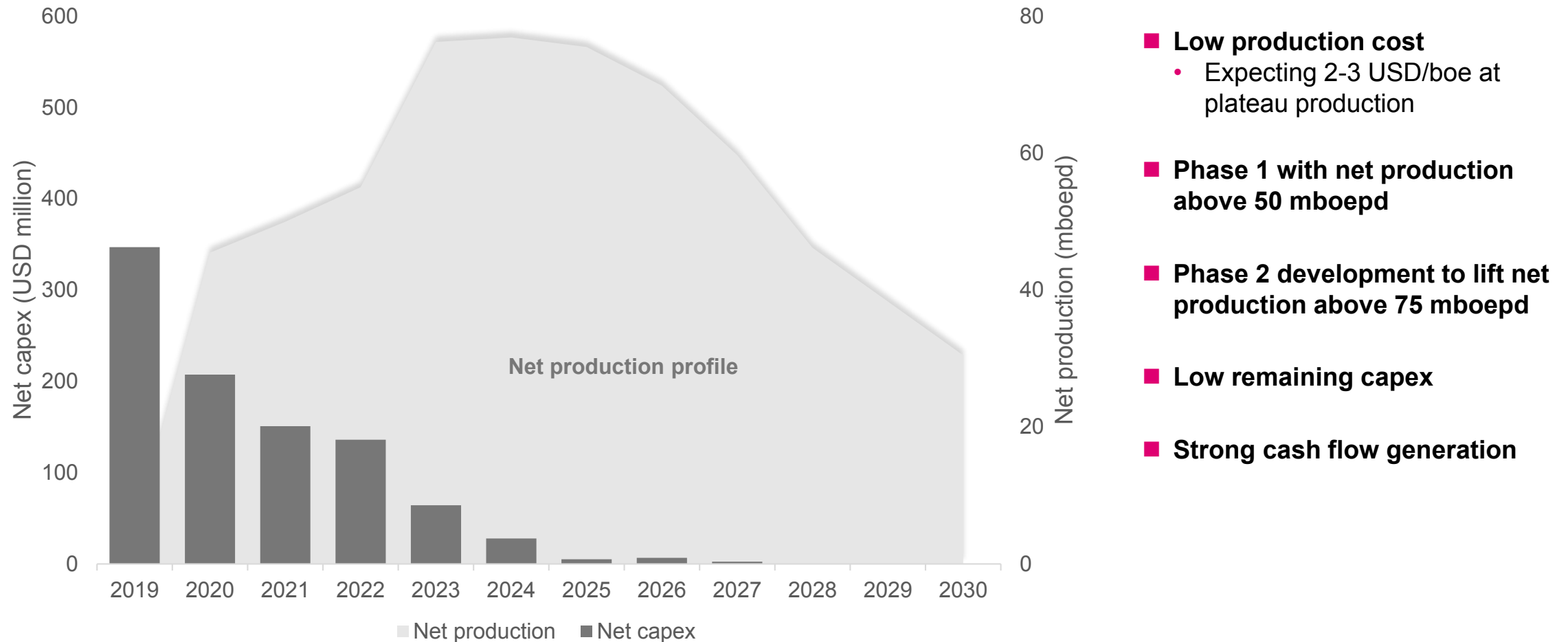
### ■ Phase 2

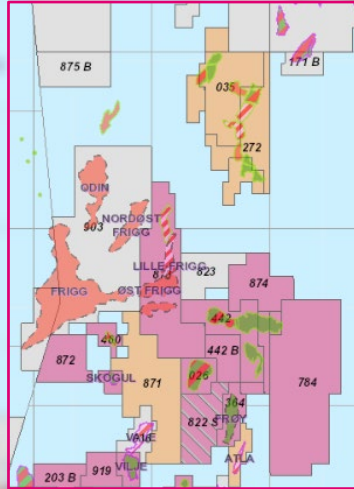
- Production from Q4 2022
- Processing capacity 660 mboepd

### ■ Break even oil price below USD 20 per boe

# Important contributor to production growth and cash flow

## Production and capex outlook





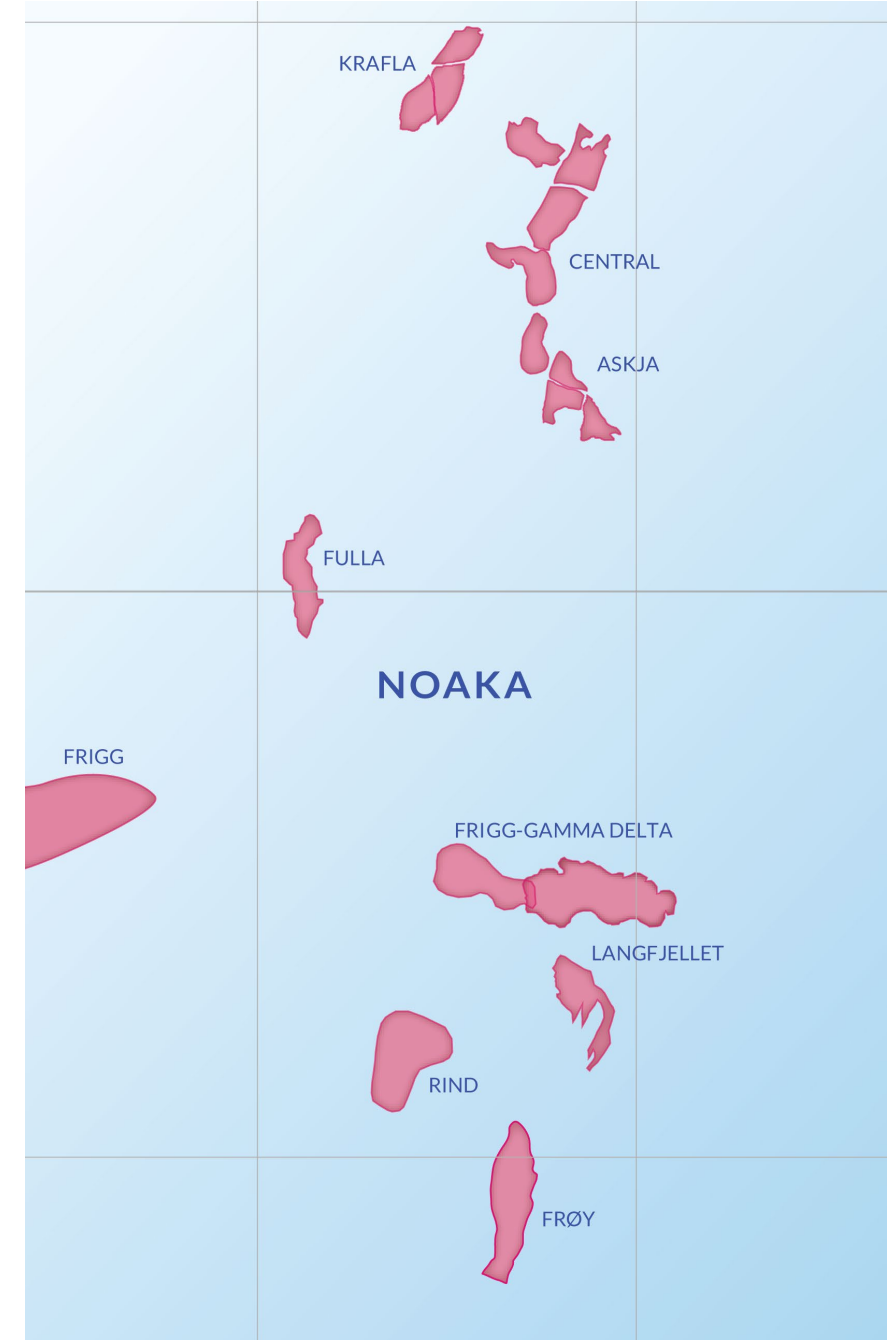
# NOAKA

NOAKA

# NOAKA area overview

## Resources

Discovery	Licence	mmboe gross <sup>1)</sup>	Aker BP share	mmboe net <sup>1)</sup>	Operator
Askja/Krafla	035/072	236	50%	118	Equinor
Frigg	903	76	-	-	Equinor
Frigg Gamma/Delta	442	84	90%	75	Aker BP
Frøy	364	41	90%	37	Aker BP
Fulla	873	66	40%	26	Aker BP
Langfjellet	442	33	90%	30	Aker BP
Rind	026	33	92%	30	Aker BP
<b>TOTAL</b>		<b>568</b>	<b>56%</b>	<b>317</b>	



# Targeting an area development at NOAKA

- **Significant recoverable resources**

- Total of ~550 mmboe

- **Aker BP favors a central processing hub (PQ)**

- Highest value creation
- Maximum resource utilisation
- Capacity for future discoveries

- **An Aker BP “Field of the Future”**

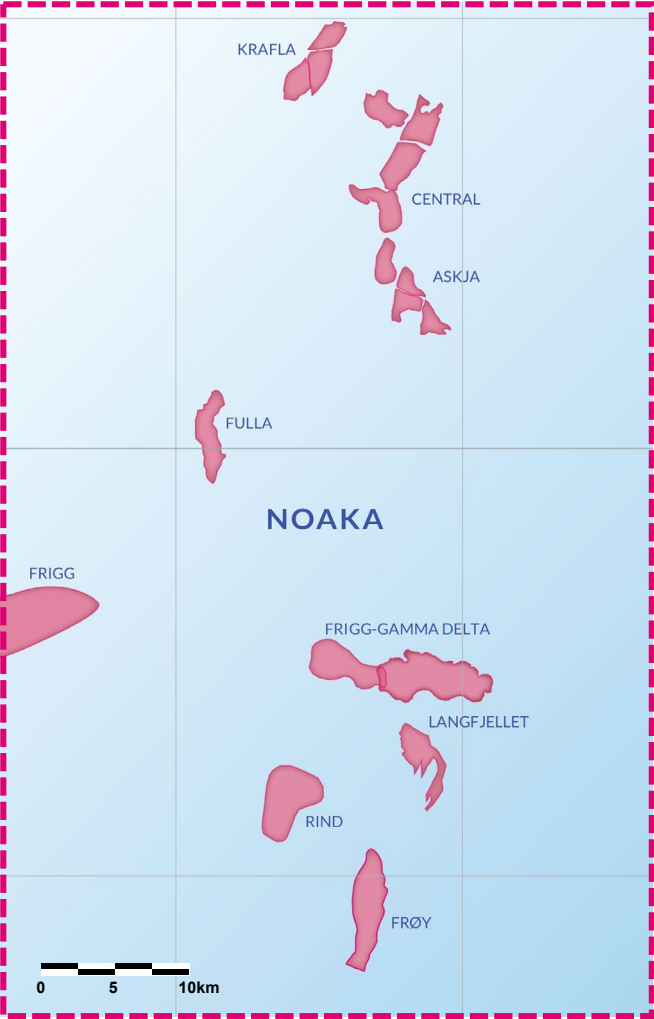
- Remote operations
- Unmanned installations
- Expanded subsea facilities
- Zero discharge/emission

- **Concept selection delayed**

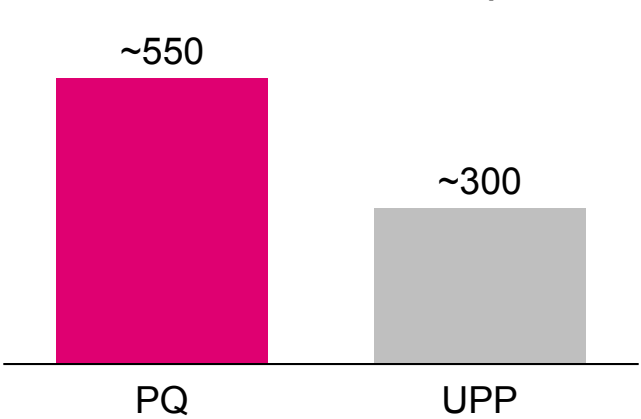


# Comparing the development concepts

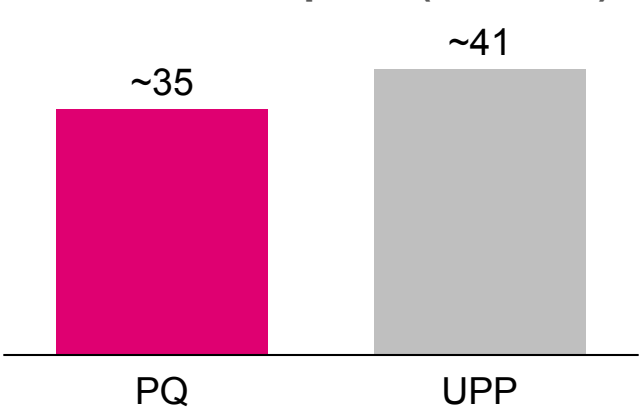
NOAKA PQ



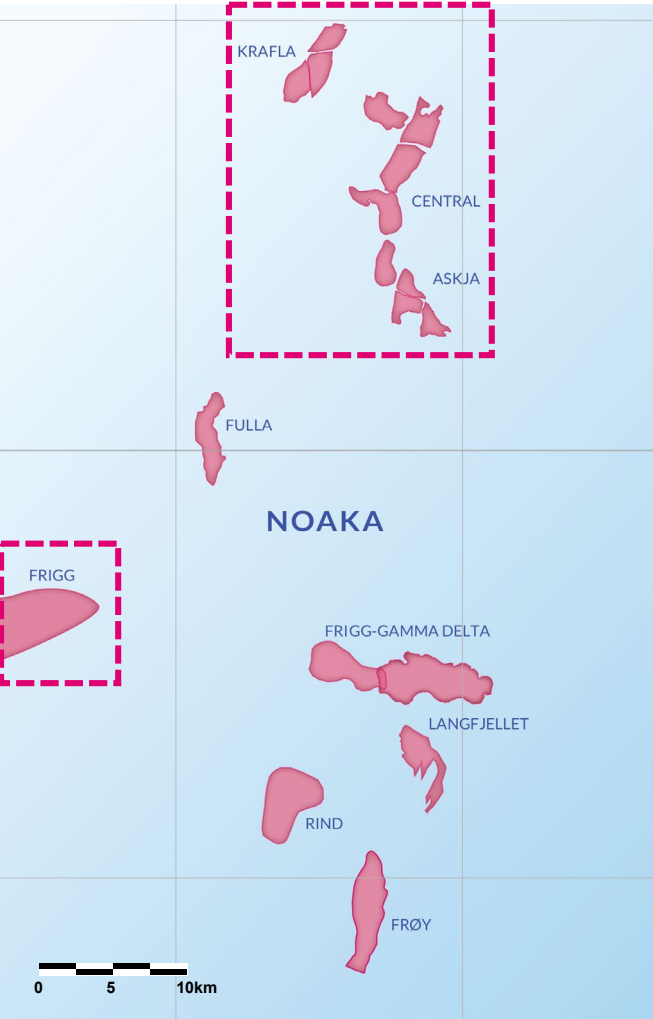
Recoverable resources (mmboe)



Break-even oil price (USD/bbl)



Krafla UPP





# Summary

## HIGH AMBITIONS FOR VALUE CREATION

# Profitable growth from existing portfolio

### EXECUTE

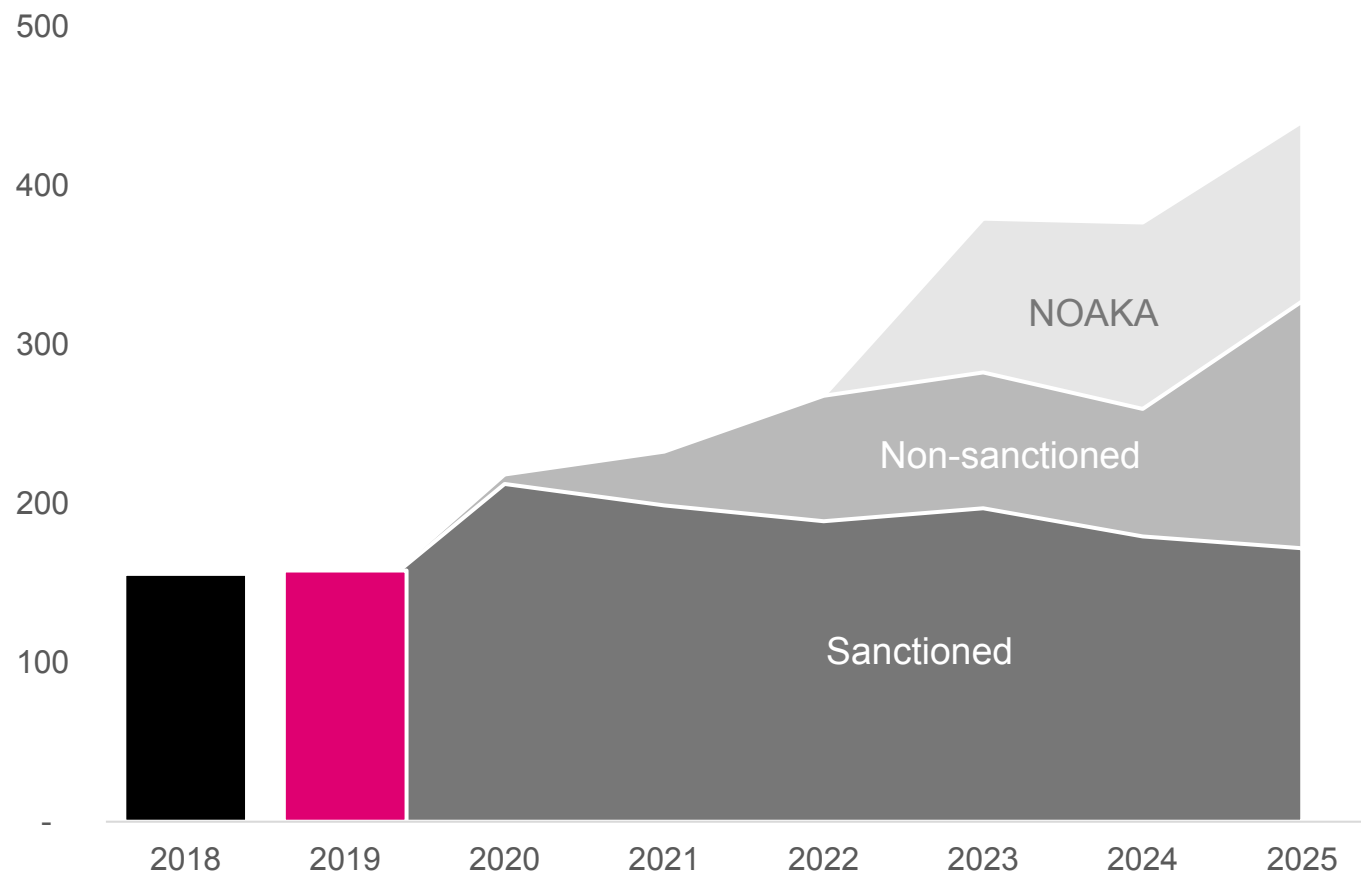
Safe and reliable operations

### IMPROVE

Reconstructing the way we operate

### GROW

Adding profitable barrels



# Creating value through exploration

Capital Markets Day 2019

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**Evy Glørstad-Clark**  
SVP Exploration



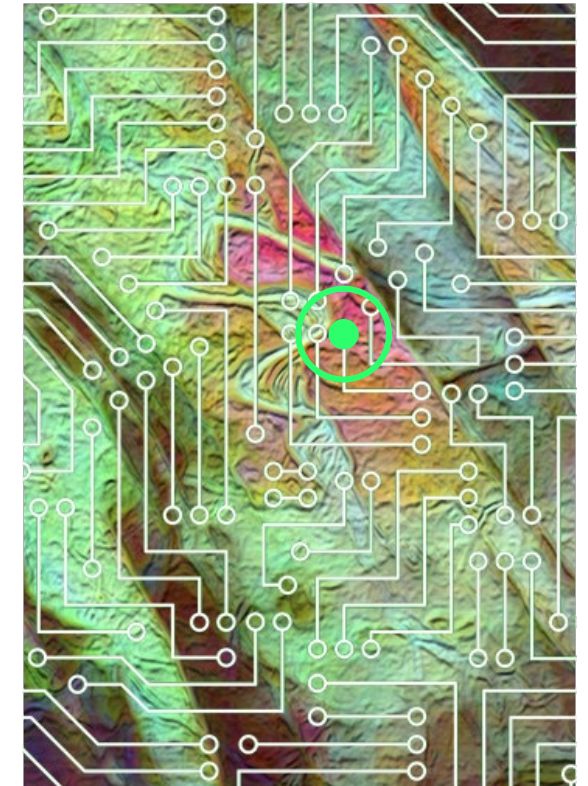
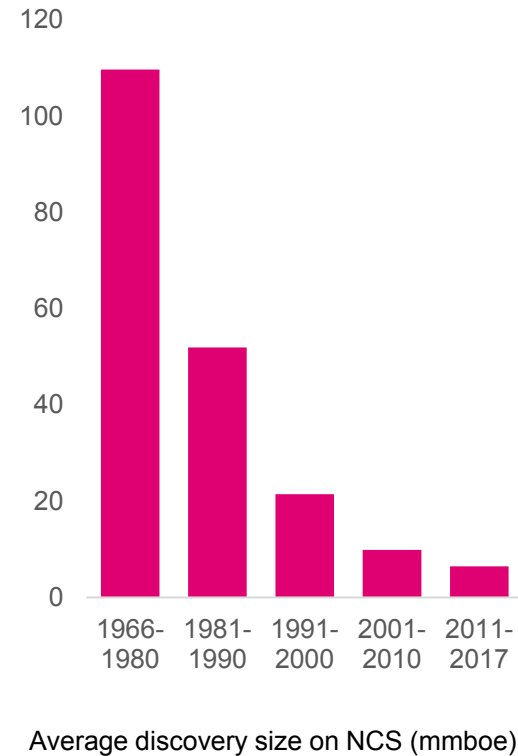
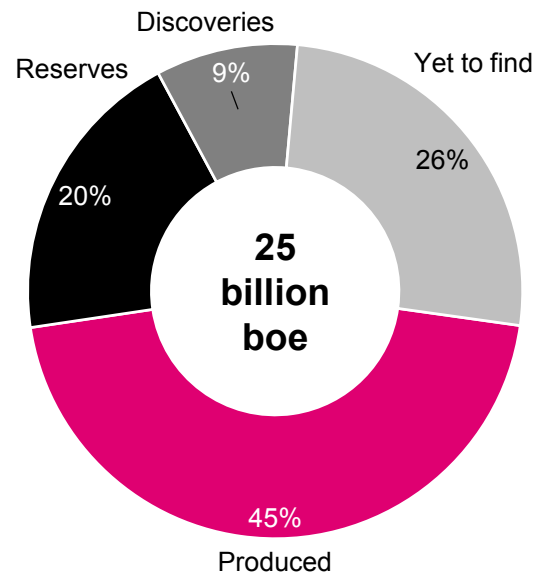
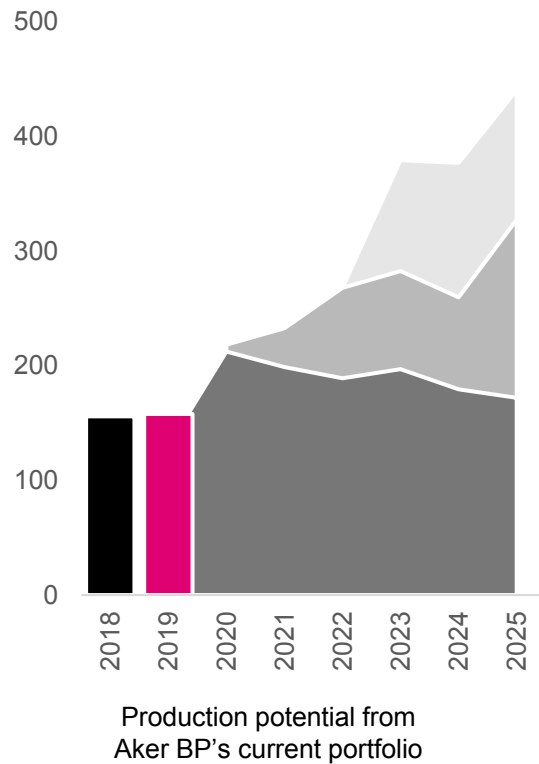
# Factors shaping the exploration strategy

Create new growth opportunities

Significant volumes yet to be discovered

Discovery sizes trending lower

Digitalization to expand the opportunity set



# The Aker BP exploration formula

Maximize value of  
operated hubs

**60 %**

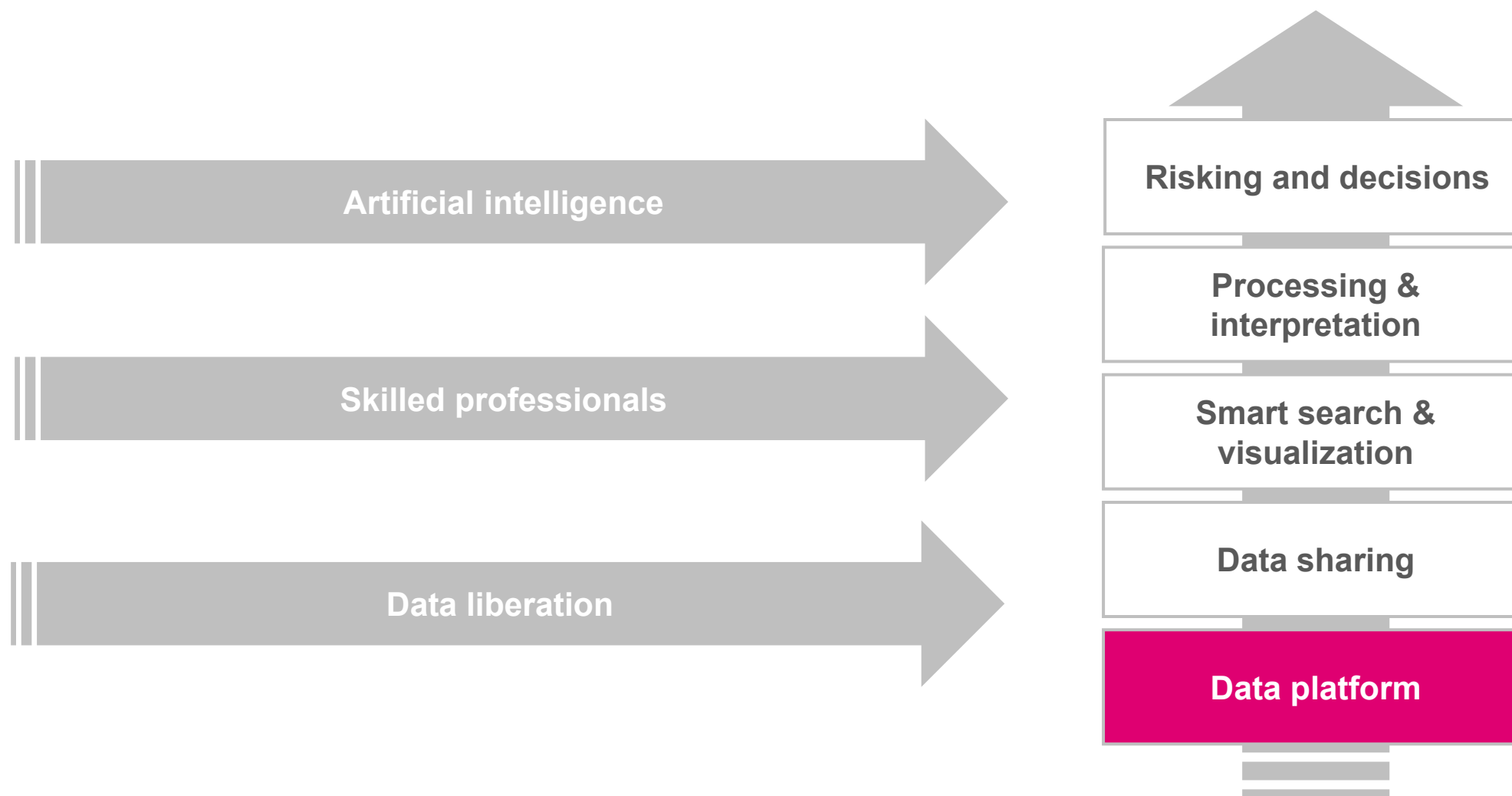
Explore for new  
hub potential

**40 %**

Smart integration of  
data and technology



# Unlocking the power of data to identify more opportunities



## EXPLORATION STRATEGY

# Technology supports growth

### ■ Invest in data around our hubs – Alvheim analogue

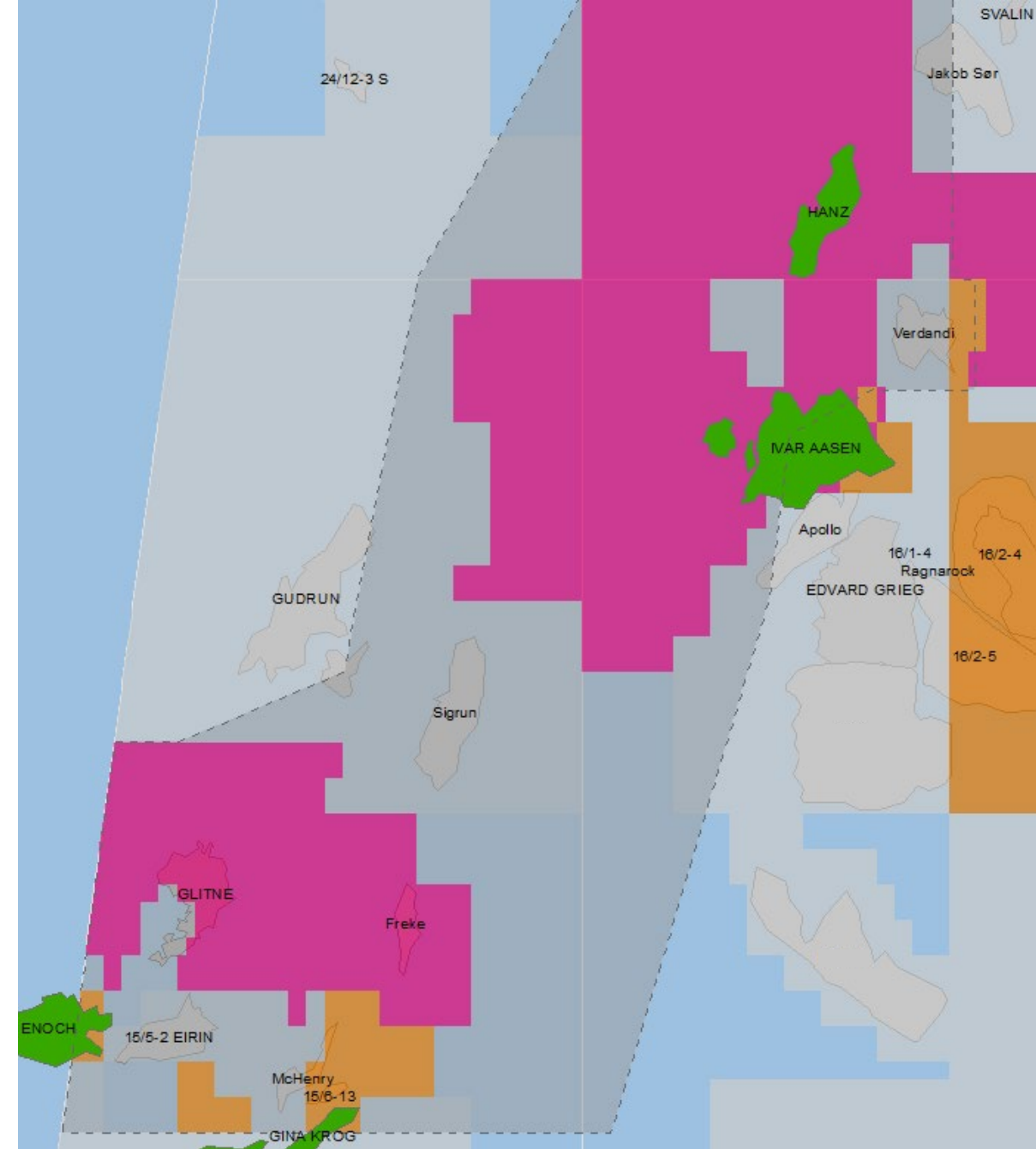
- Proven to deliver ILX<sup>1)</sup> value
- Rapid and robust field development

### ■ OBN<sup>2)</sup> seismic entering NCS exploration

- 10-fold increased signal and measure the full wave field
- Demonstrate subtle opportunities, robust and rapid development
- 2018 and 2019 acquisition

### ■ Leverage imaging technology

- Efficiency gains in compute – accommodates high end imaging
- Aker BP engaged in developing next generation of advanced imaging for the NCS

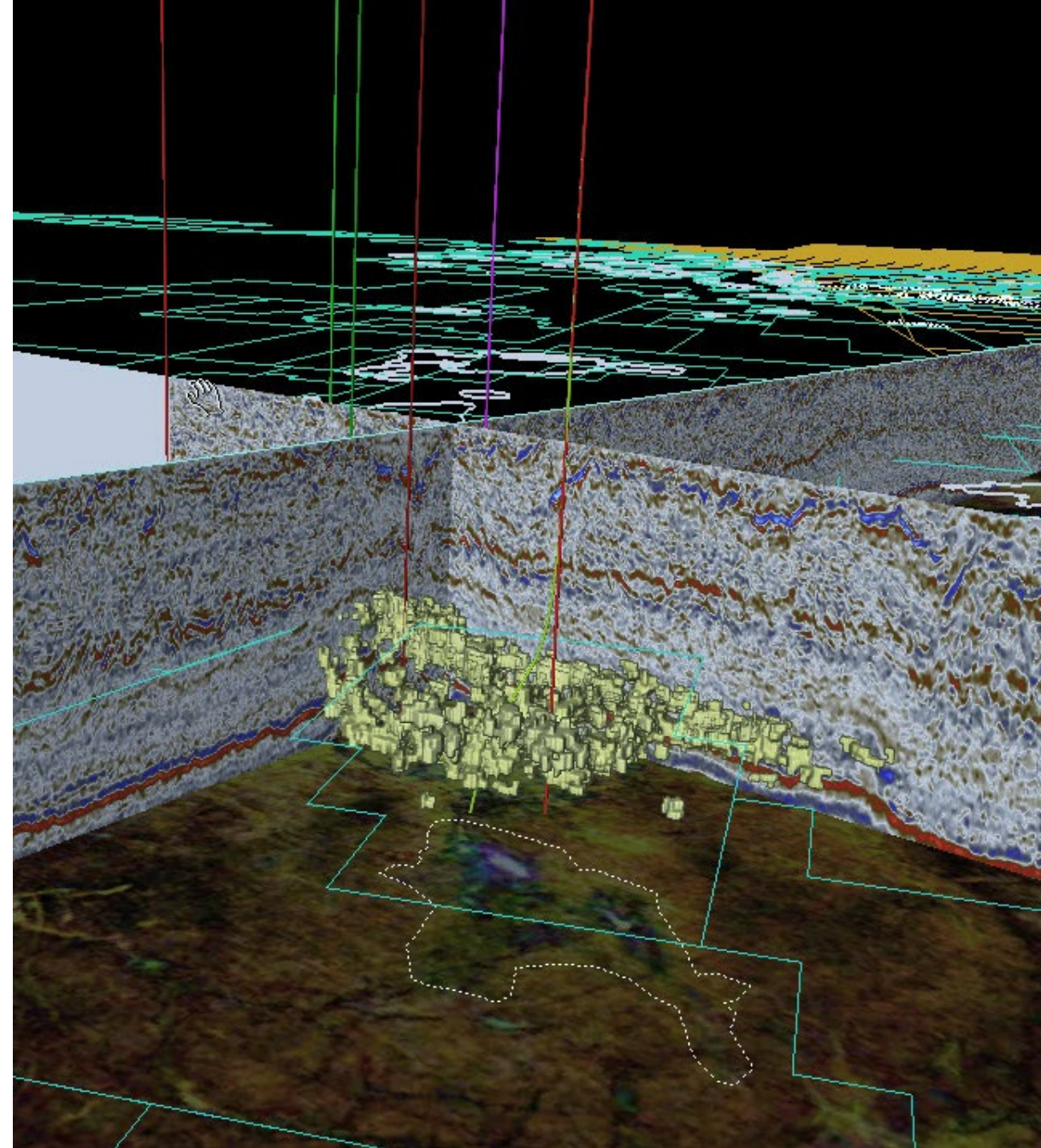


## EXPLORATION PERFORMANCE

# Success in the Alvheim area

### New discovery and positive appraisal

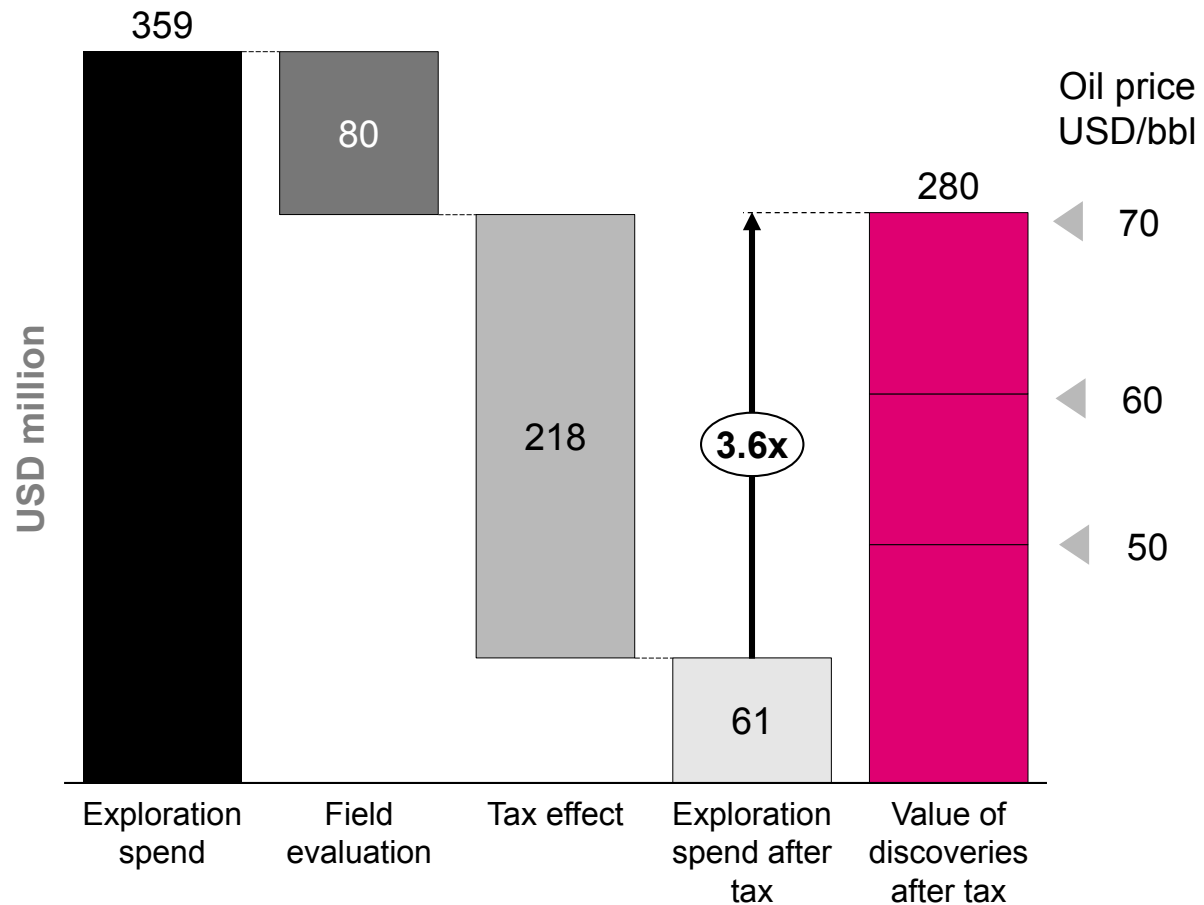
- Discoveries a result of long-term strategy in area, data acquisition and G&G evaluations
- Frosk proved ~50 mmboe oil (gross)
  - Pre-drill estimate 3-21 mmboe
  - Located near Bøyla, tied back to Alvheim
  - Multilateral production and appraisal well planned in 2019
- Frosk follow-up potential to be tested in 2019
  - Froskelår and Rumpetroll prospects to be drilled 2019
- Successful appraisal of Gekko
  - Oil column thicker than previously assumed and excellent reservoir properties
  - Estimated gross recoverable resources ~40 mmboe
  - Located near Alvheim



## EXPLORATION PERFORMANCE

# High value creation from 2018 exploration program

Estimated value of 2018 exploration program



Drilled

**10**

wells

After tax spending

**61**

USD million

Net P50 discovered

**55**

mmboe

Finding cost

**\$1.1**

per barrel

Estimated value<sup>1)</sup>

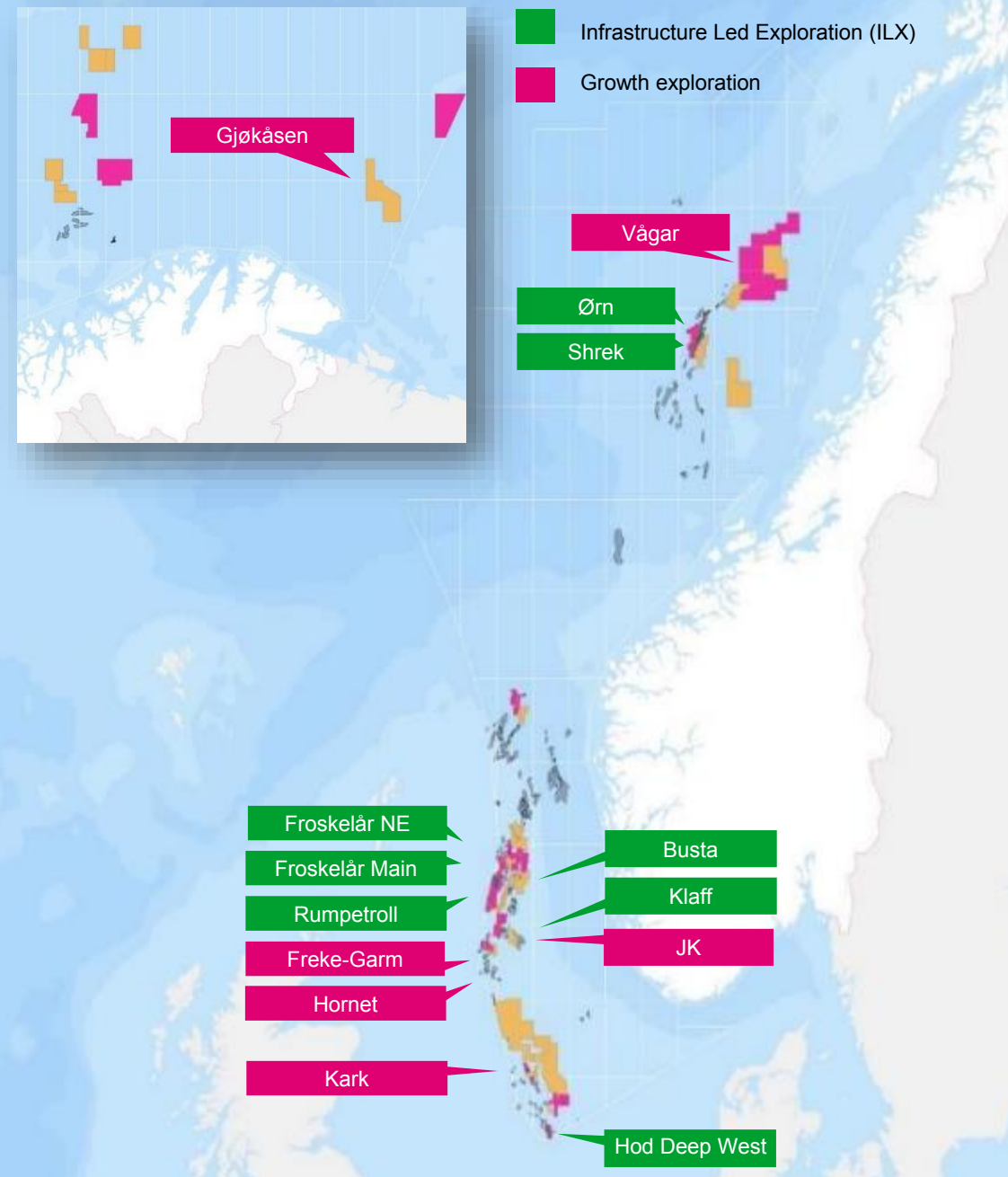
**120 – 280**

USD million

## EXPLORATION OUTLOOK

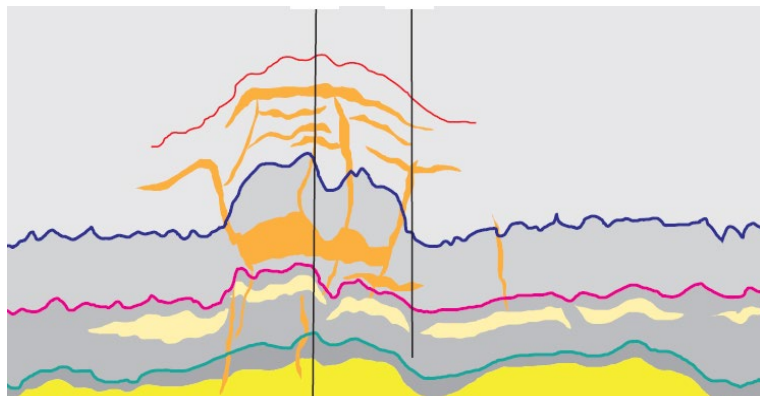
# Large and promising 2019 program

License	Prospect	Operator	Aker BP share	Pre-drill mmboe		
PL869	Froskelår Main	Aker BP	60 %	45	-	153
PL869	Froskelår NE	Aker BP	60 %	7	-	23
PL869	Rumpetroll	Aker BP	60 %	45	-	148
PL033	Hod Deep West	Aker BP	90 %	2	-	22
PL916	JK	Aker BP	40 %	100	-	420
PL857	Gjøkåsen	Equinor	20 %	26	-	1 427
PL782S	Busta	ConocoPhillips	20 %	54	-	199
PL942	Ørn	Equinor	30 %	8	-	40
PL777	Hornet	Aker BP	40 %	14	-	137
PL814	Freke-Garm	Aker BP	40 %	16	-	81
PL502	Klaff	Equinor	22 %	50	-	372
PL762	Vågar	Aker BP	20 %	62	-	128
PL019C	Kark	Aker BP	60 %	15	-	48
PL838	Shrek	PGNIG	30 %	10	-	22
TBD	NOAKA area	Aker BP				



# Notable wells – ILX opportunities

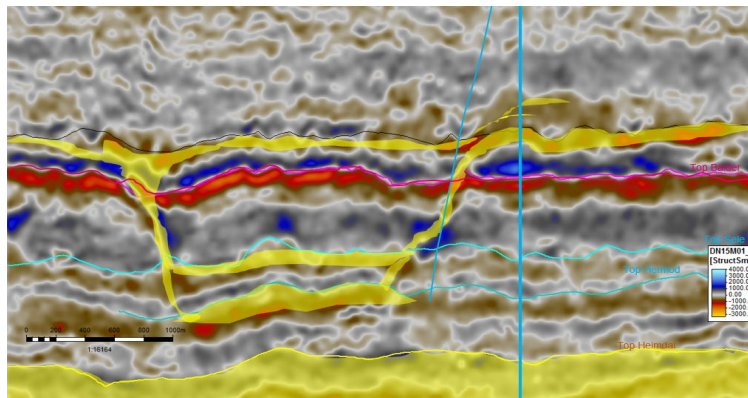
## Froskelår Main



**Interpreted as the same injectite complex as the Frosk discovery**

- High chance of success
- Pre-drill est. 45-153 mmboe
- Drilling start: January 2019
- Potential discovery likely to be produced over the Bøyla field

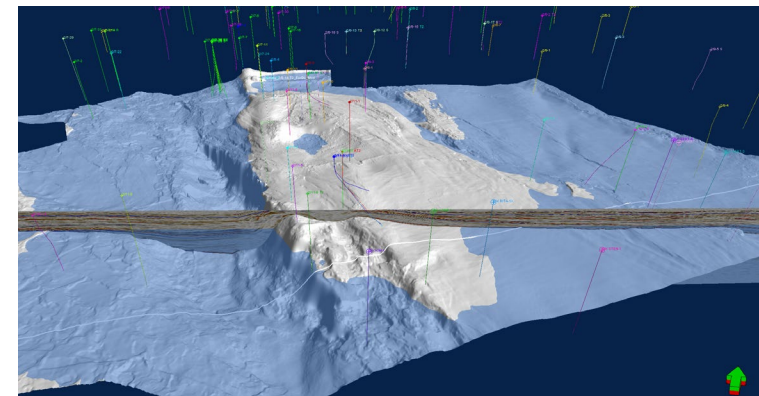
## Rumpetroll



**Sand injectite complex near Frosk discovery<sup>1)</sup>**

- Moderate chance of success
- Pre-drill est. 45-148 mmboe
- Untested injectite play in the Frosk area
- Large upside potential

## Hod Deep West

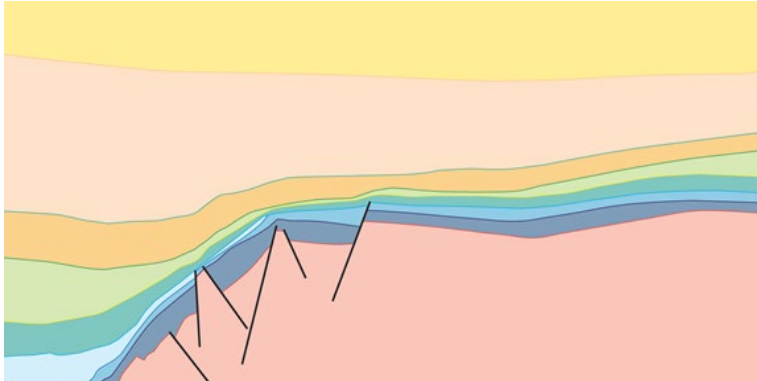


**Play test in Valhall area<sup>1)</sup>**

- Production well extension to test new, deeper play
- Valhall basement
- High value barrels to existing hub
- Low exploration cost

## Notable wells – growth opportunities

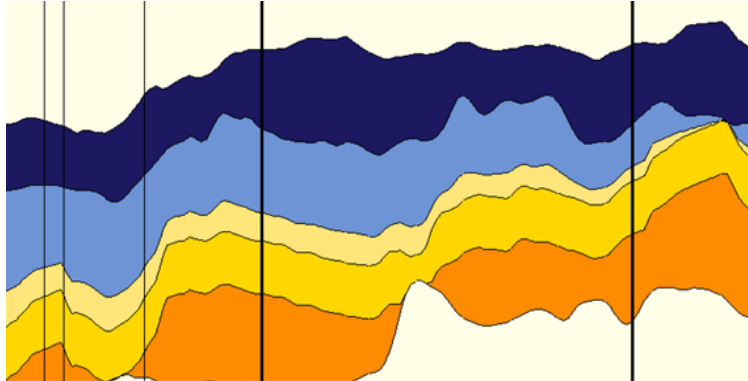
### JK



**Low relief structure close to Johan Sverdrup**

- Moderate chance of success
- Predrill est. 100-420 mmboe
- Potential discovery can represent a stand-alone development

### Hornet & Freke-Garm



**Cluster development potential in known play type**

- Moderate chance of success
- Hornet predrill est. 14-137 mmboe
- Freke-Garm predrill est. 16-81 mmboe
- Cluster development potential

### Vågar



**Permian carbonate play in the Norwegian Sea**

- Moderate chance of success
- Predrill est. 62-128 mmboe
- Potential game changer in untested play in the area

# The Barents Sea – large potential, but limited success so far

## Large acreage position



### Aker BP licenses in the Barents Sea

- Several plays tested
- Disappointing well results so far
- Permian play tests postponed to 2020

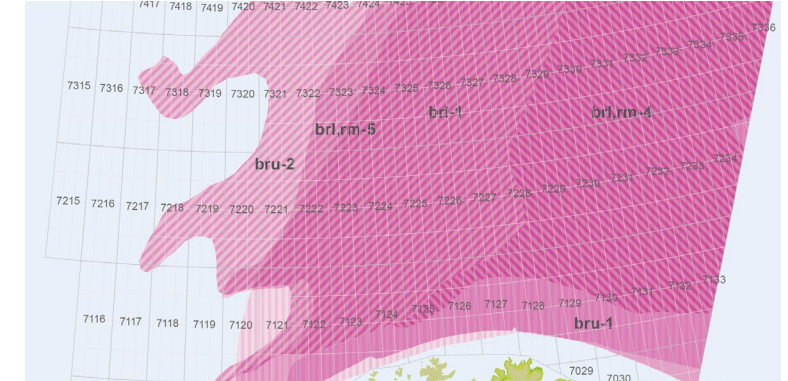
## Large volumes yet to find



### Undiscovered potential<sup>1)</sup> (billion boe)

- Most remaining resources left in the Barents Sea
- 50% of YTF in Triassic succession
- 54% of YTF in Barents Sea North

## Hard to unlock Triassic potential

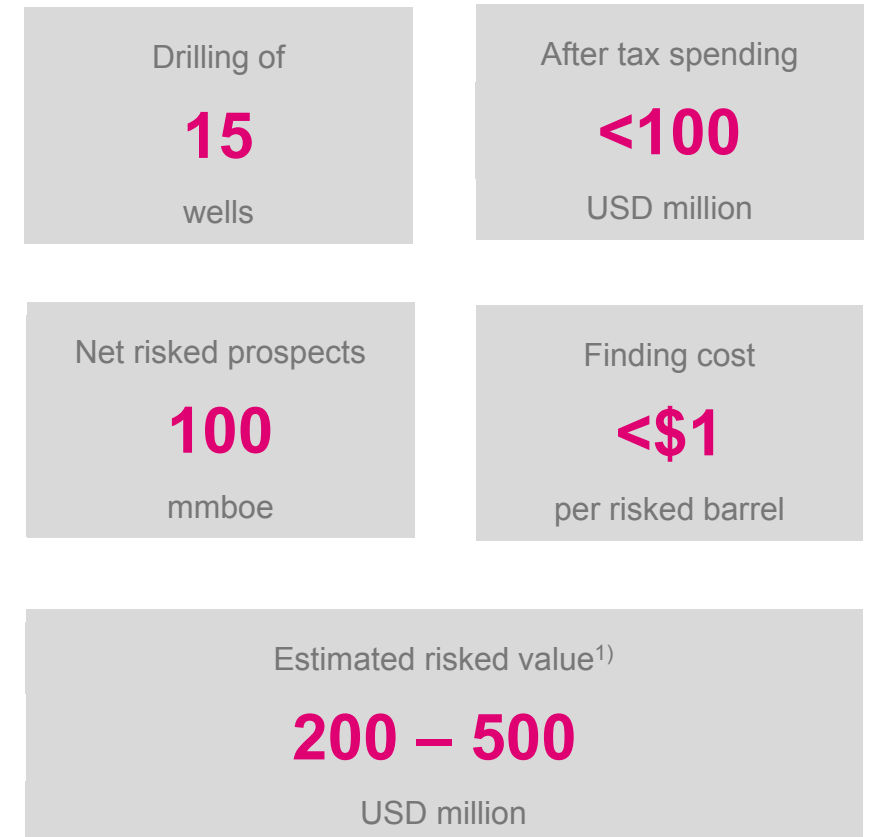
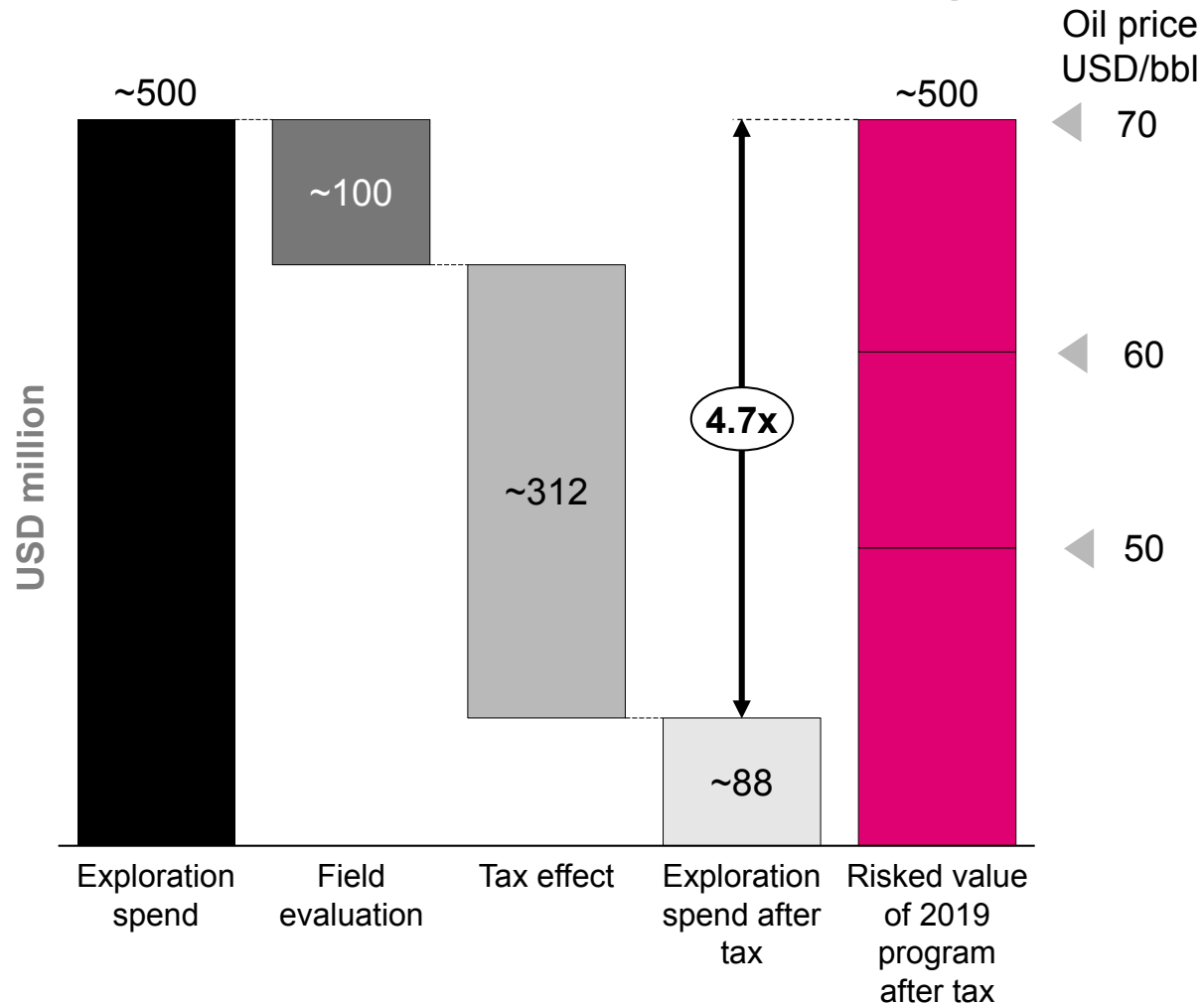


### Triassic exploration models

- Largest YTF volume
- Implement well results and new technology
- Large acreage position positioned for the play

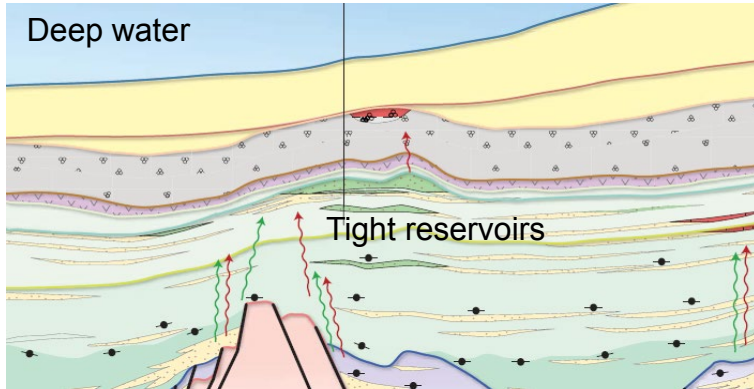
# Significant value creation potential from 2019 exploration program

## Estimated risked value of 2019 exploration program



# Aker BP offered 21 new licenses in the 2018 APA round

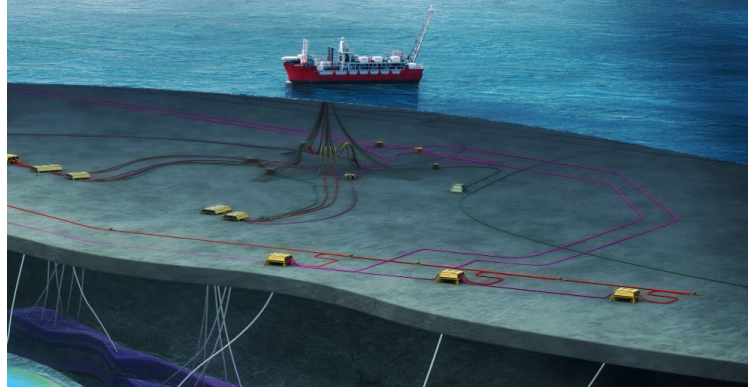
## New growth opportunities



**Defining and exploring in new potential core areas through APA**

- Ellida – High risk/high reward, technological upside
- Barents Sea – Systematically derisking and highgrading the Triassic play
- Sleipner Area – Securing acreage pending success in 2019 program

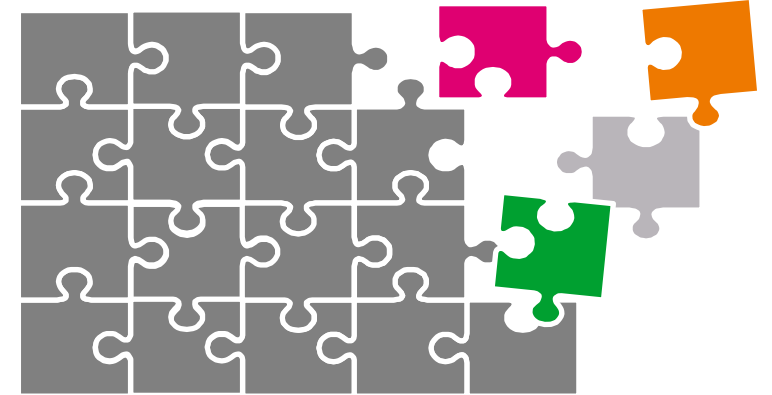
## Strengthen ILX potential



**Increasing footprint in producing hub areas in available APA acreage**

- Skarv – Firm well commitment on ILX opportunities with high upside
- NOAKA – Firm well commitment
- Securing attractive opportunities in other ILX acreage (Central Graben, Johan Sverdrup)

## Balanced exploration portfolio



**APA activity aims to strengthen existing portfolio in prioritized area**

- High technical quality on applications and competitive work programs
- 11 operated and 10 partner operated licenses offered to Aker BP in APA 2018
- 2<sup>nd</sup> largest acreage portfolio on the NCS

## EXPLORATION

# Creating value for the future

### EXECUTE

High-potential 2019 exploration program with 15 prospects to be drilled

### IMPROVE

Digitalize to improve decisions and value creation

### GROW

Large and growing license portfolio with significant opportunity set

# Returning value creation to shareholders

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**Alexander Krane**  
Chief Financial Officer



# Allocating capital to drive value

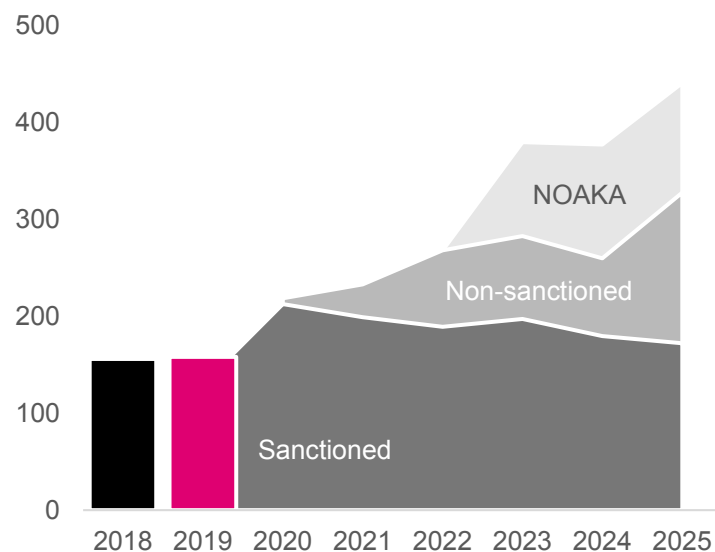
## Key financial priorities

Invest in  
**profitable growth**

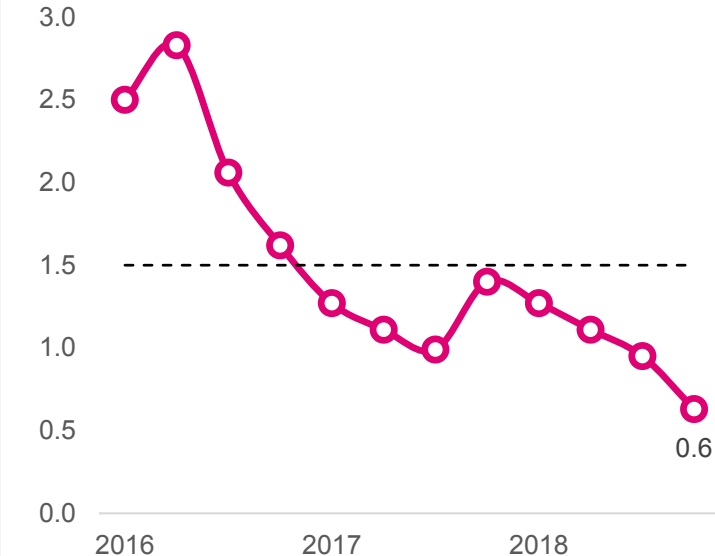
Maintain sufficient  
**financial capacity**

Pay attractive  
**dividends**

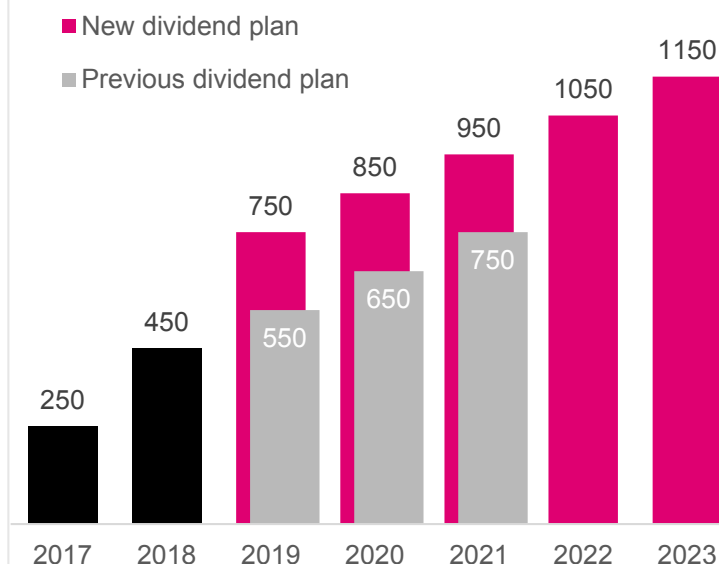
**Production potential – existing portfolio**  
mboepd



**Leverage ratio**  
net debt/EBITDAX

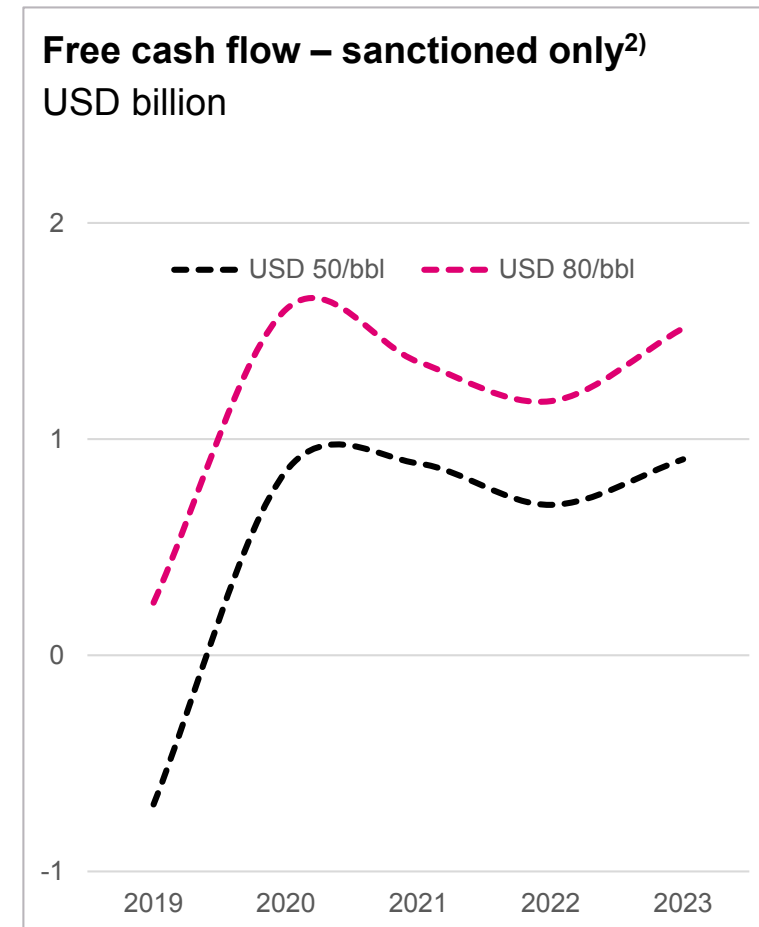
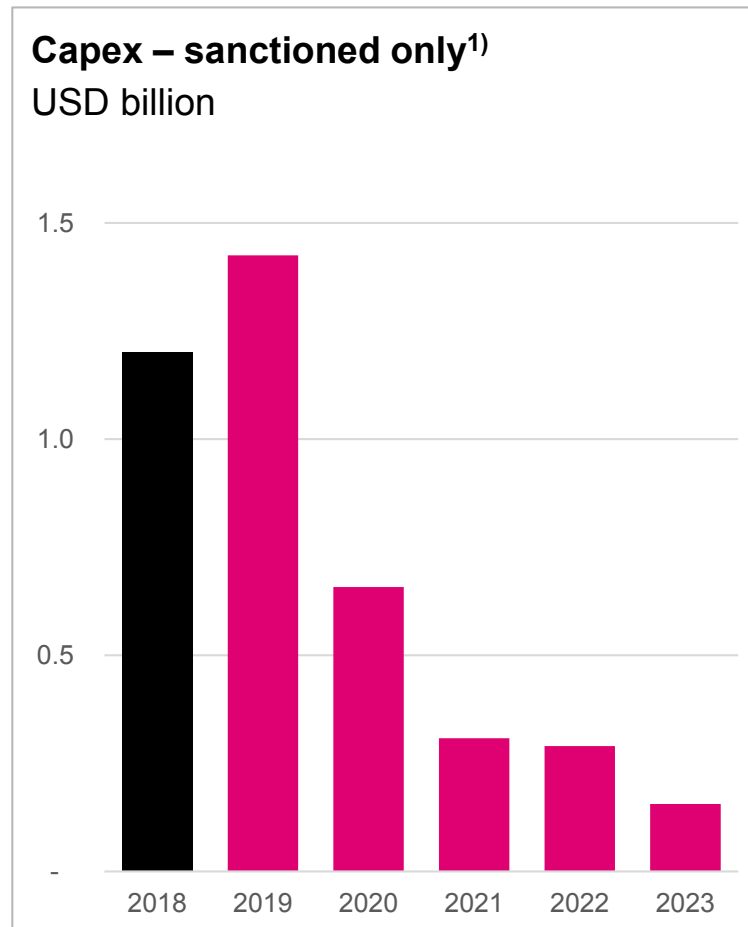
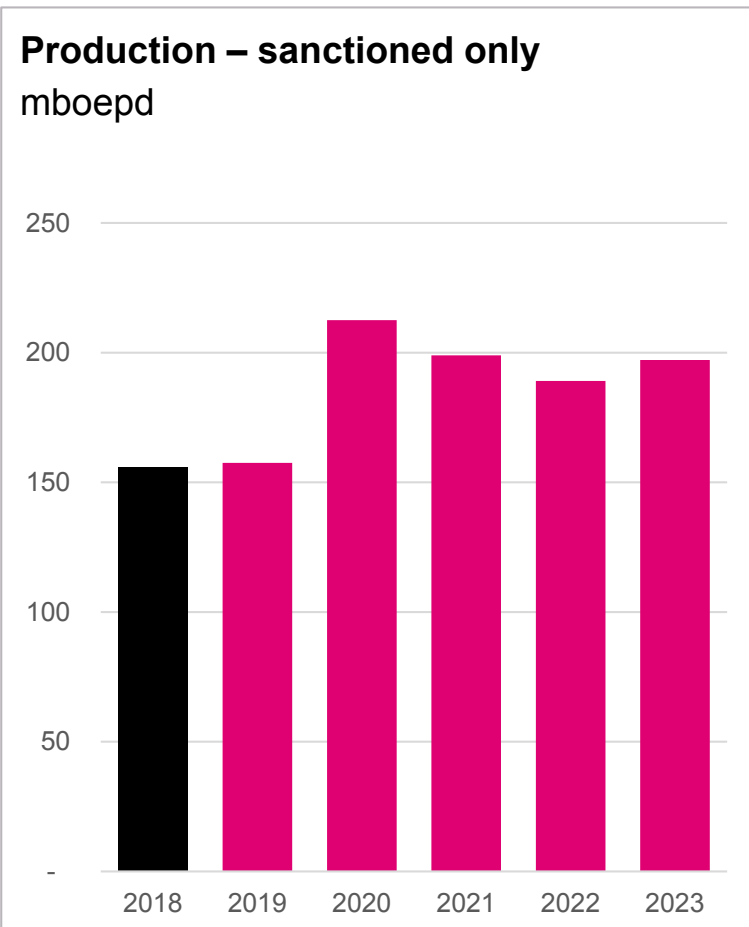


**Dividend plan**  
USD million



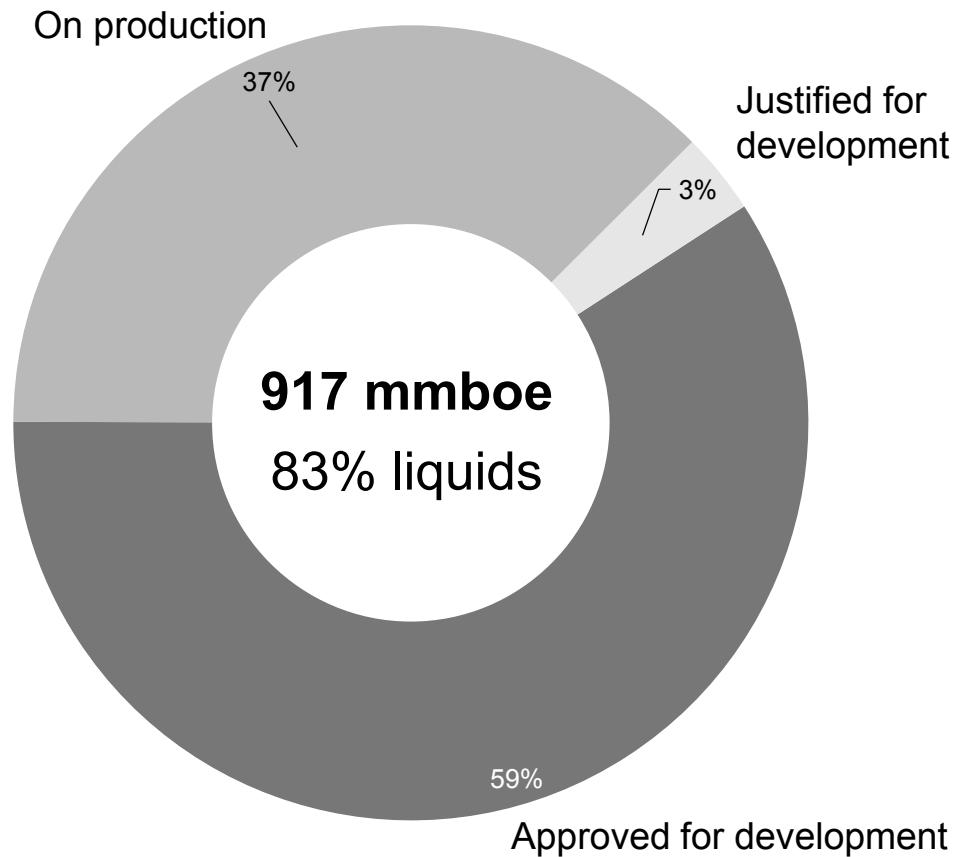
# Strong cash generation from existing portfolio

Current producing fields and sanctioned projects only

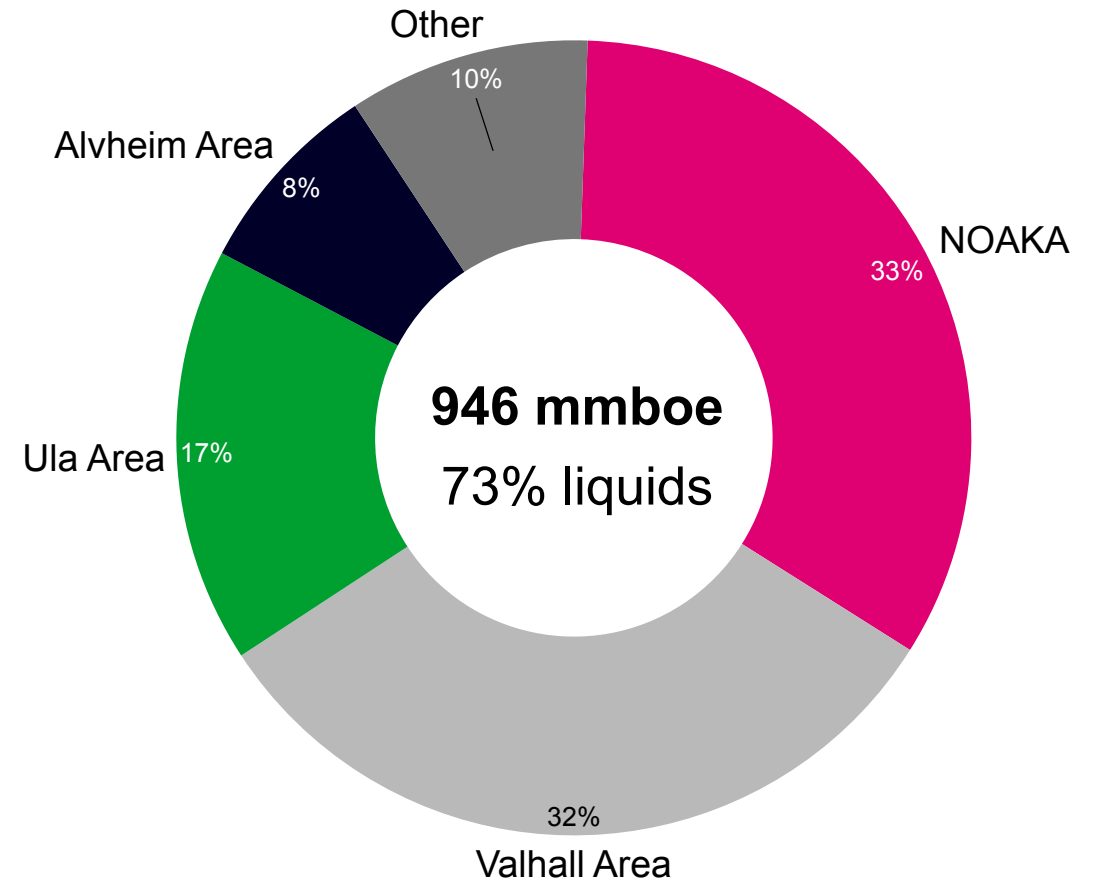


# Large opportunity set for organic growth...

2P reserves



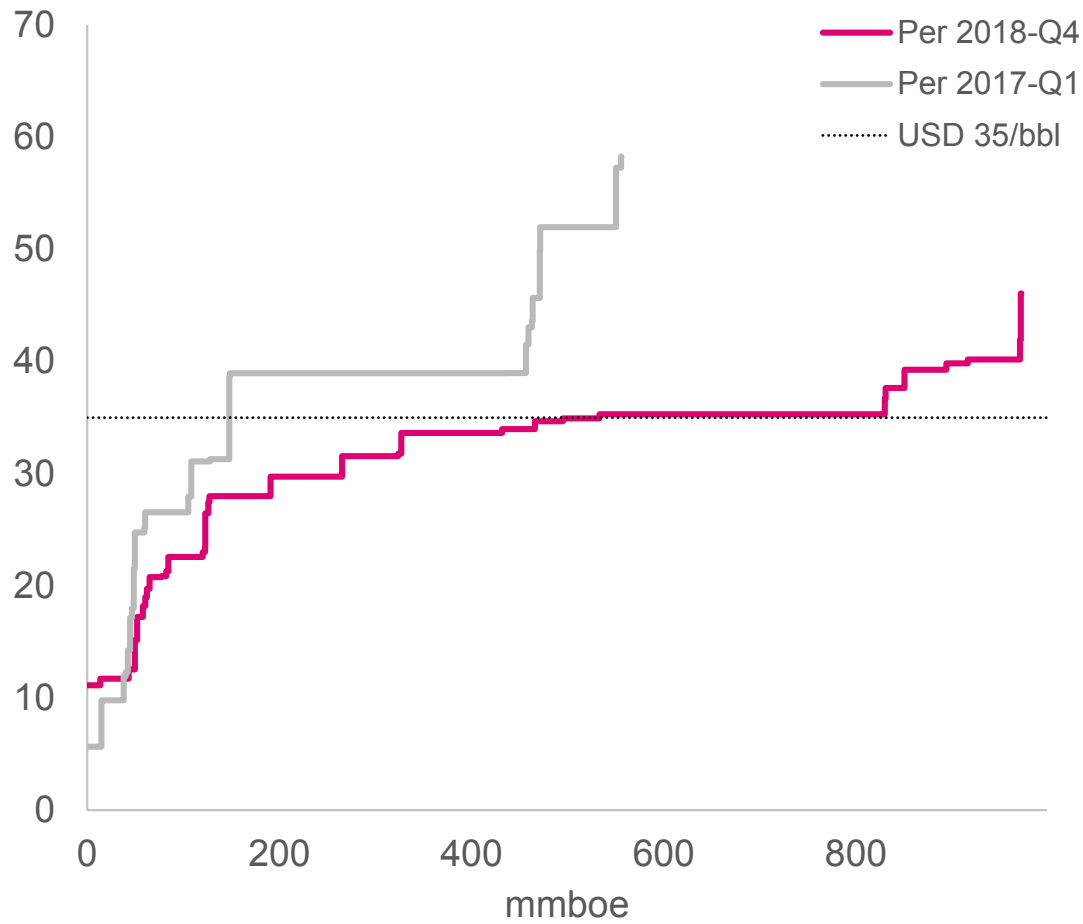
2C contingent resources



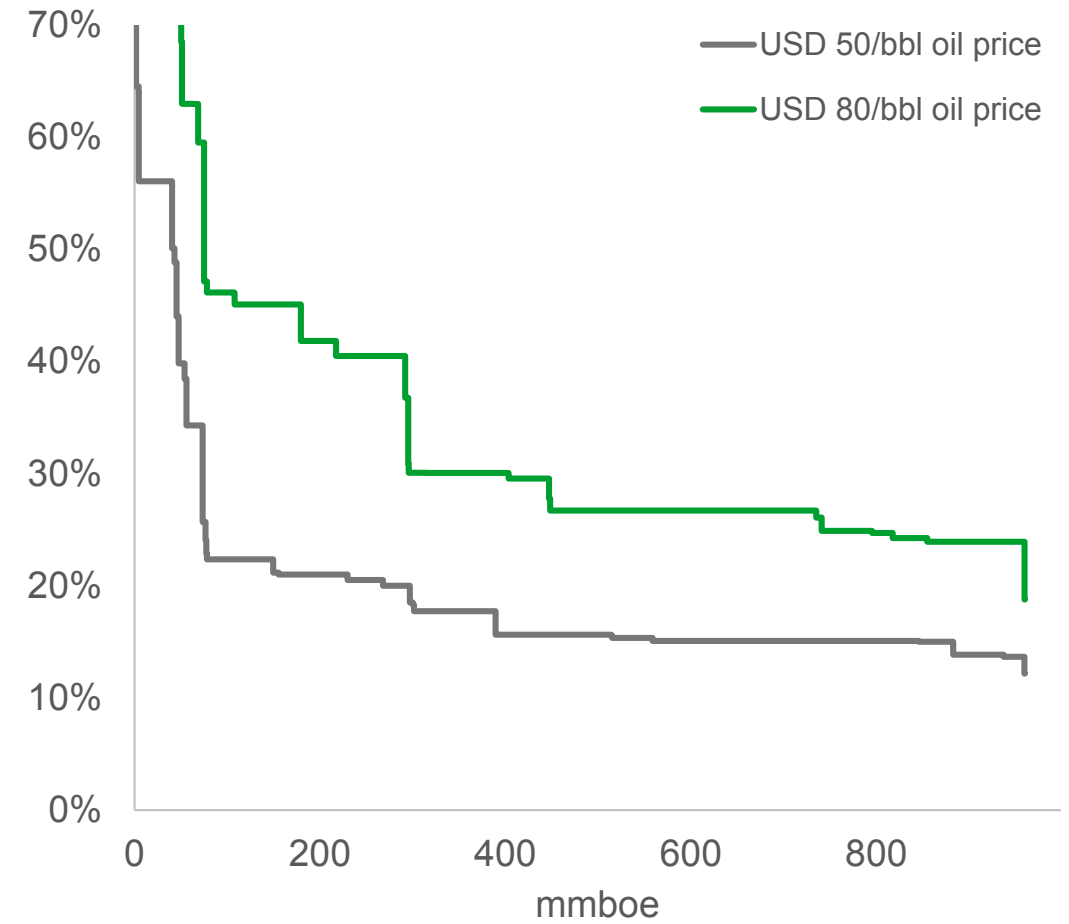
## INVEST IN PROFITABLE GROWTH

# ... with highly attractive economics

Break-even for non-sanctioned projects (USD/bbl)<sup>1)</sup>



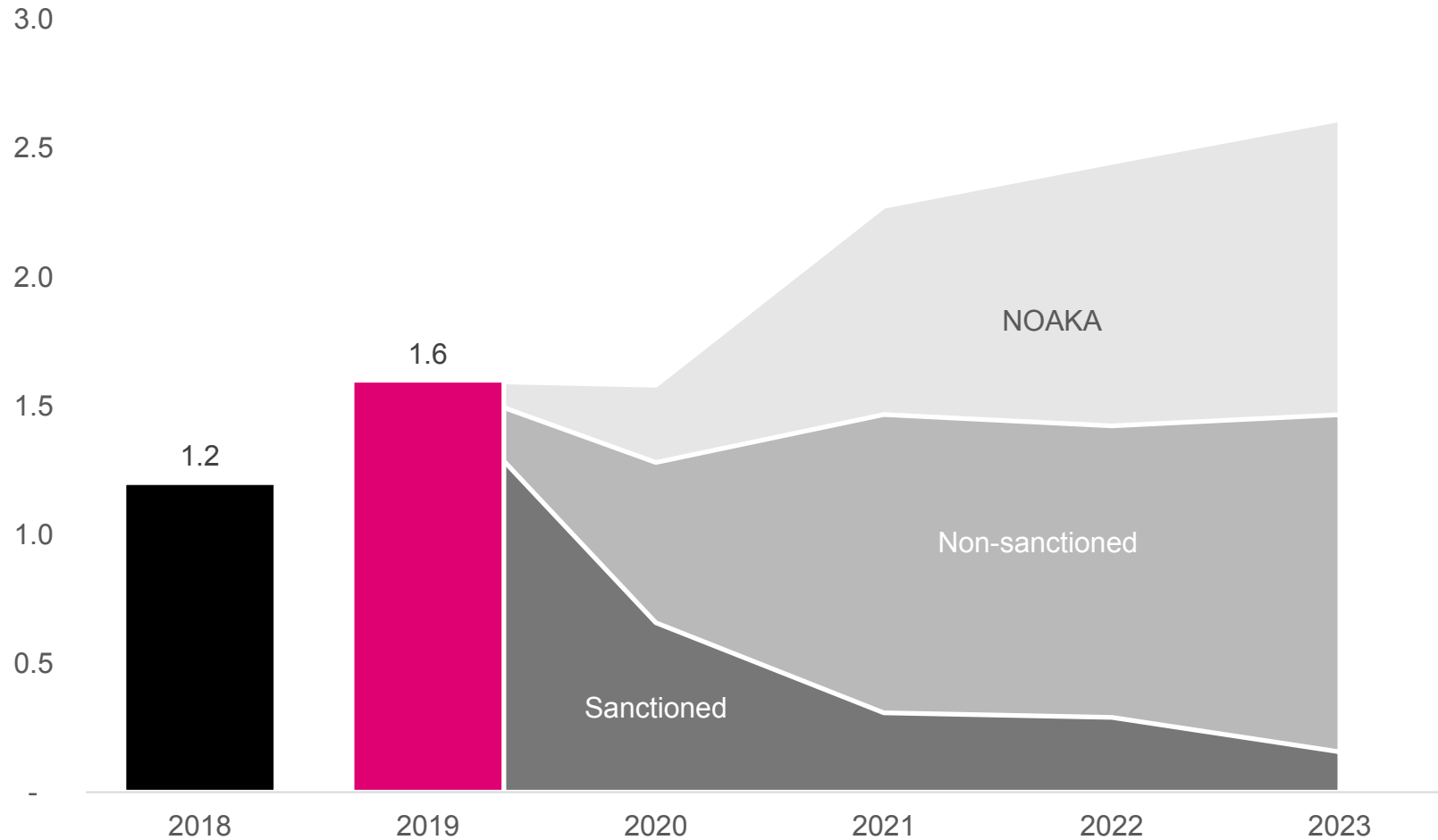
Internal rate of return for non-sanctioned projects



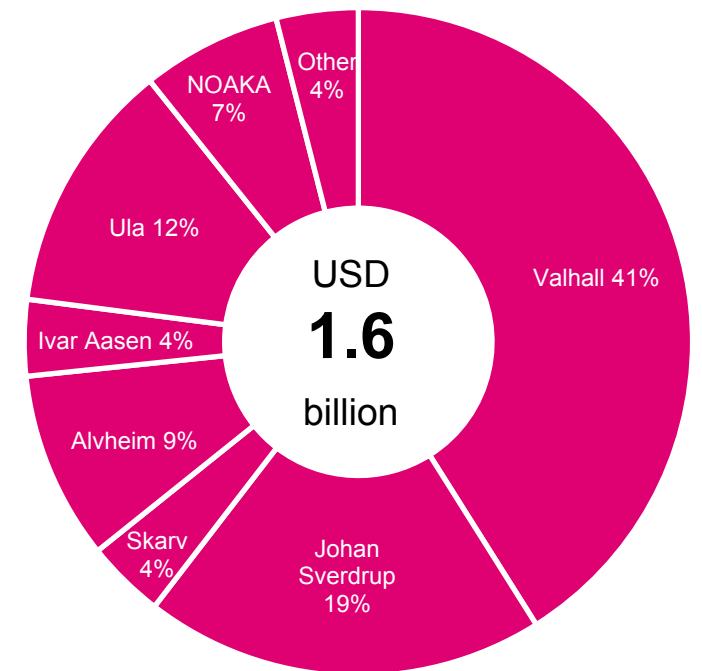
## INVEST IN PROFITABLE GROWTH

# Investing in profitable growth while maintaining flexibility

Capex outlook (USD billion)



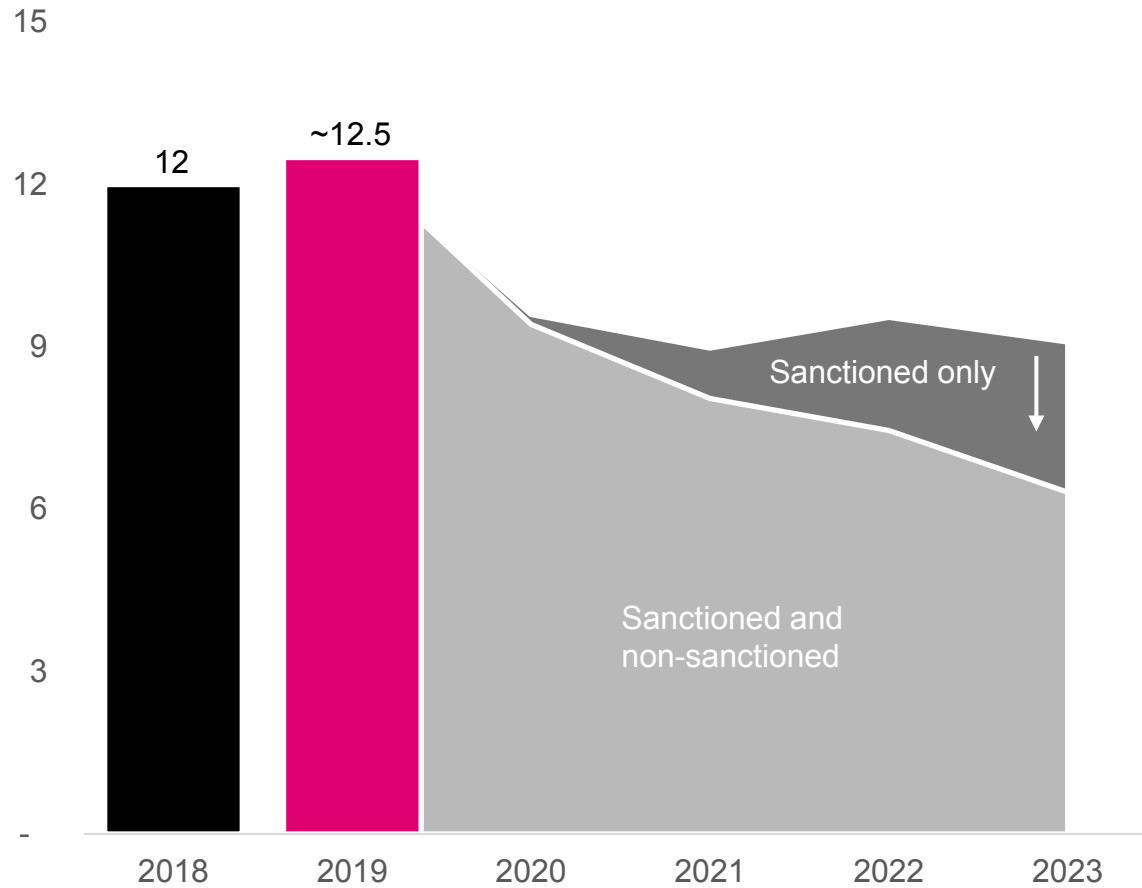
2019 capex per asset



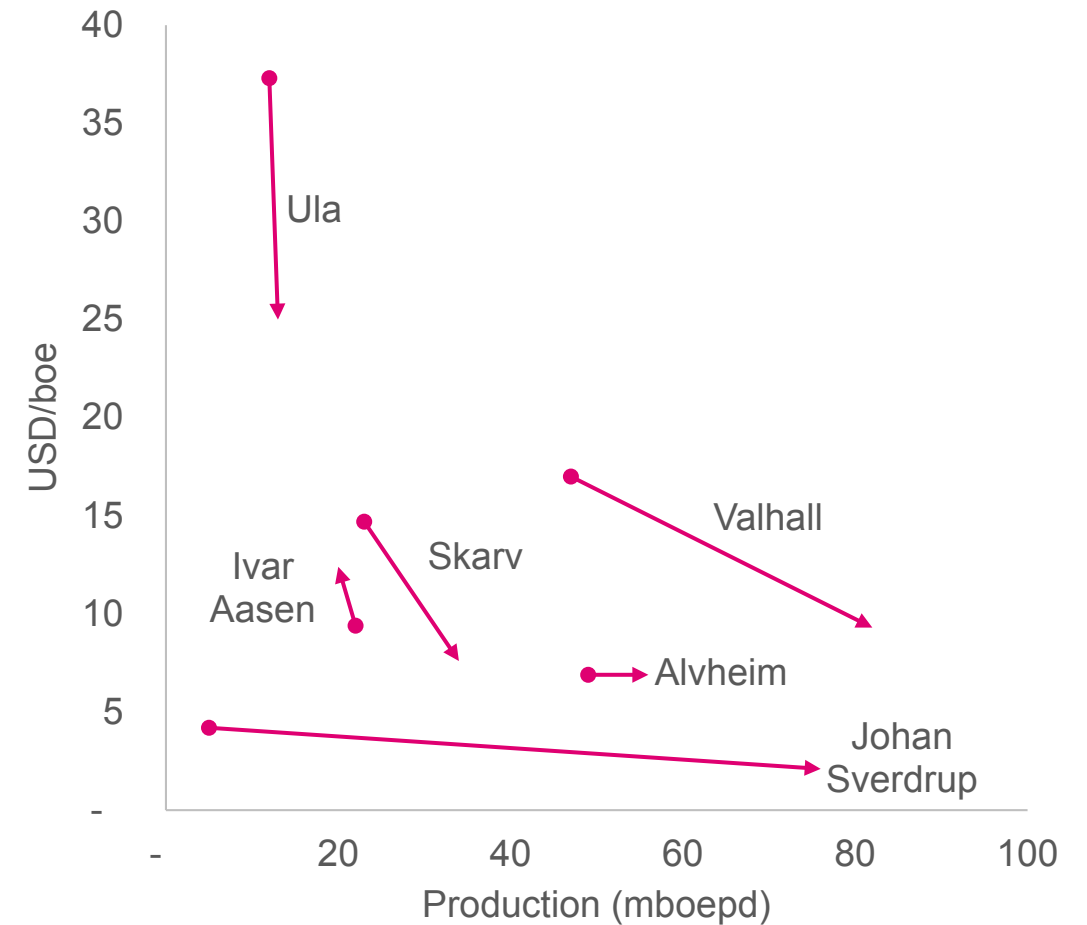
## INVEST IN PROFITABLE GROWTH

# Driving down production cost

Production cost (USD/boe)

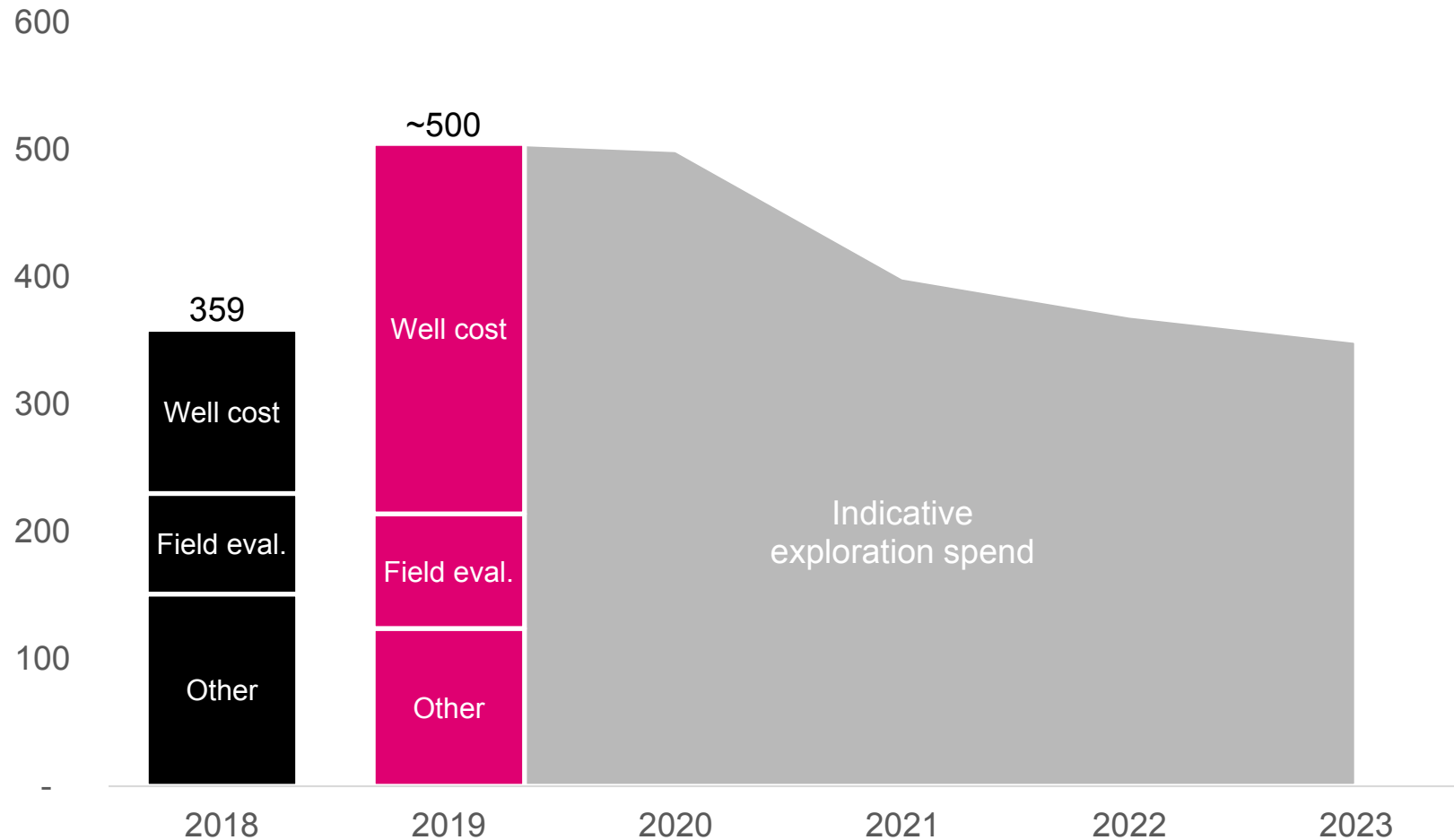


Production cost forecast 2019 and 2023 by hub



# Stepping up exploration activity in 2019

Exploration spend (USD million)



■ **2018 review**

- 10 exploration wells
- Discovered 55 mmboe
- Finding cost per barrel: USD 1.1 after tax

■ **2019 plan**

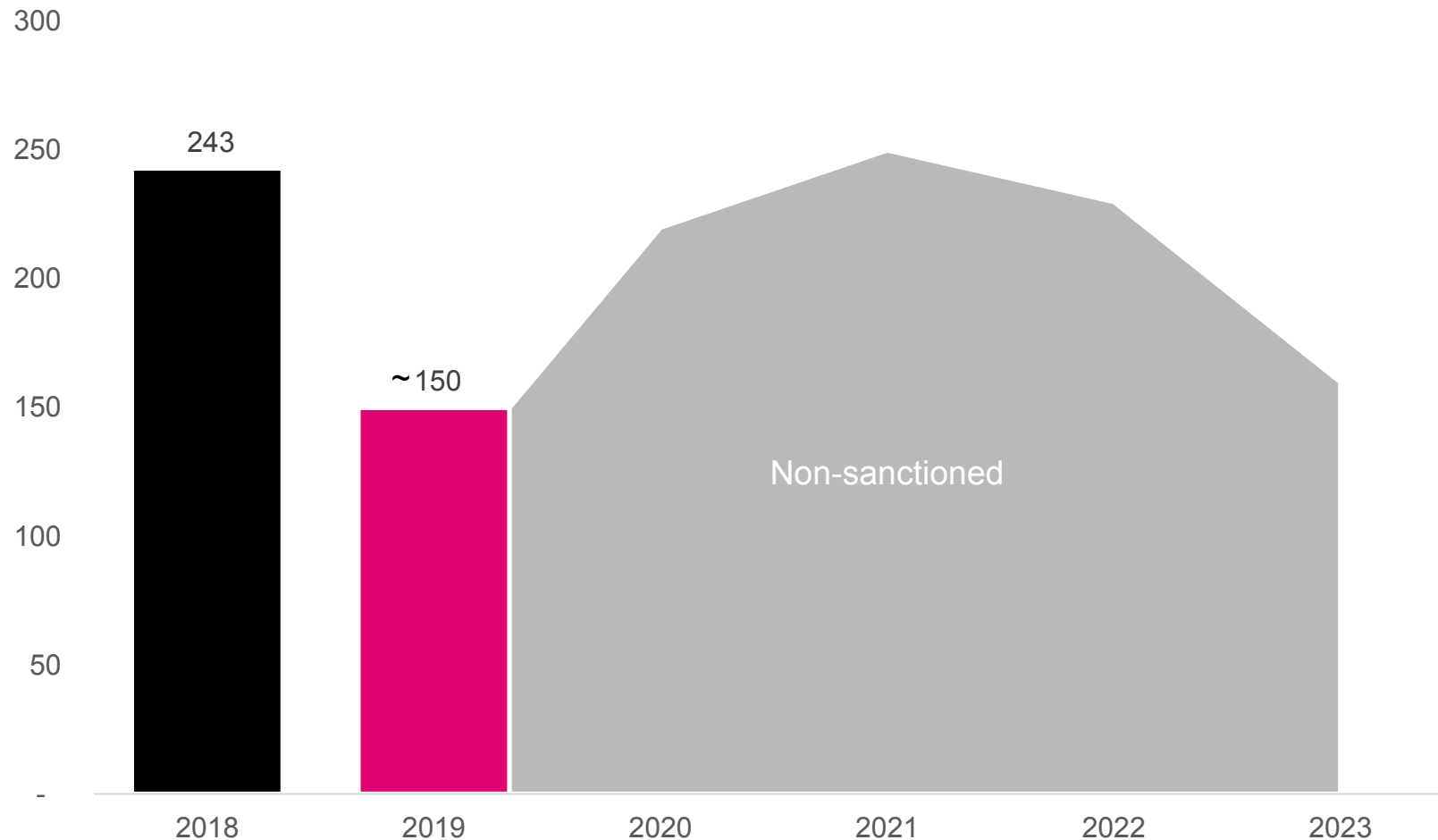
- 15 wells planned

■ **Tax efficient**

- Fully deductible same year at 78% tax rate

# Strong P&A performance

Abandonment spend (USD million)



■ **Strong performance in 2018**

- Valhall P&A campaign successfully completed

■ **2019 plan**

- Valhall QP decom
- Jette P&A
- Hod P&A

■ **2020-23 outlook**

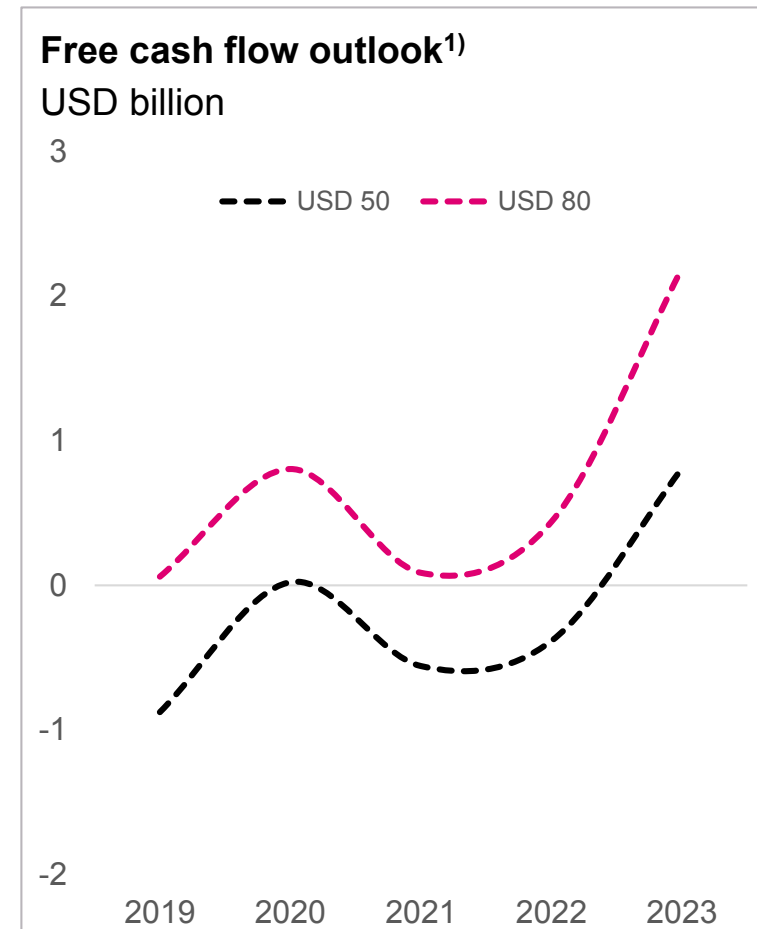
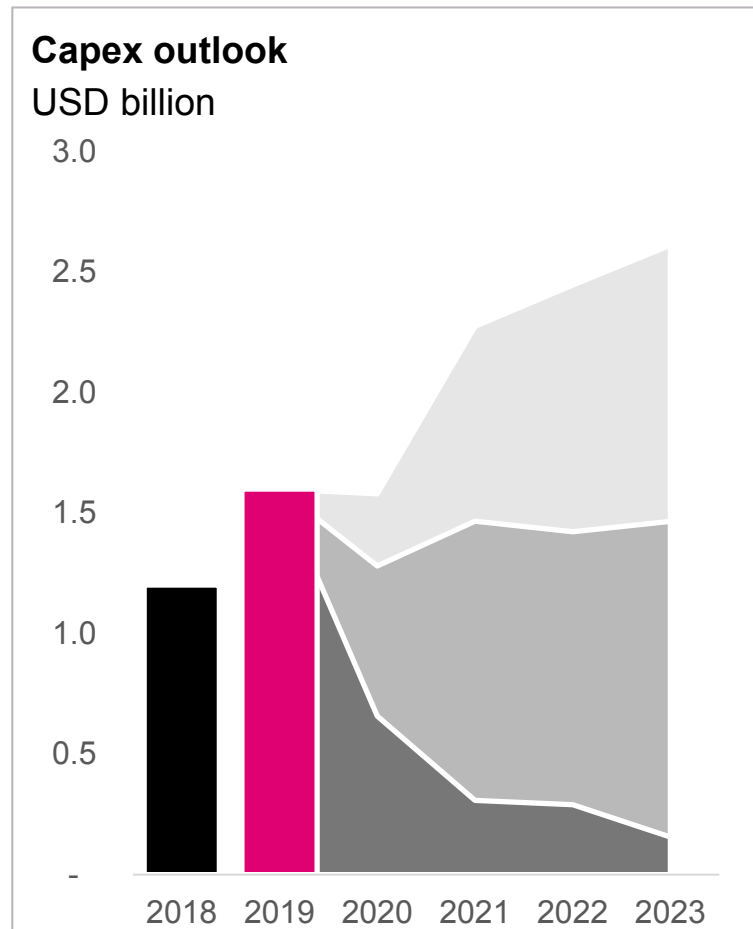
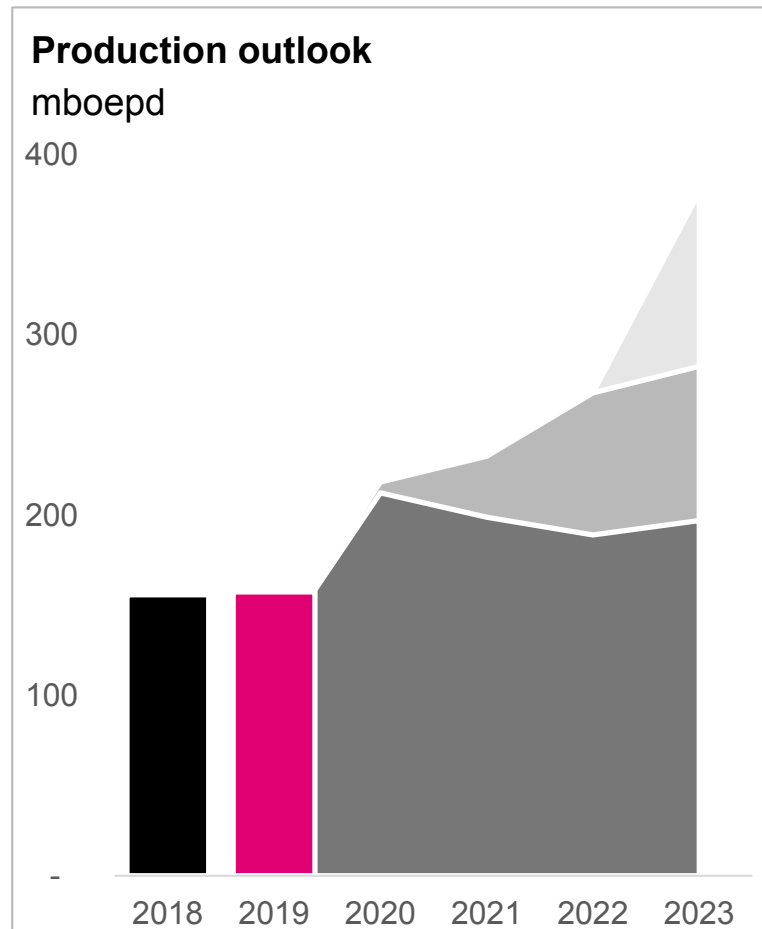
- Continued decom and P&A in the Valhall Area
- Timing flexibility

■ **Tax efficient**

- Fully deductible same year as incurred at 78% tax rate

# Increased cash flow from profitable asset portfolio

Current producing fields and sanctioned and non-sanctioned projects

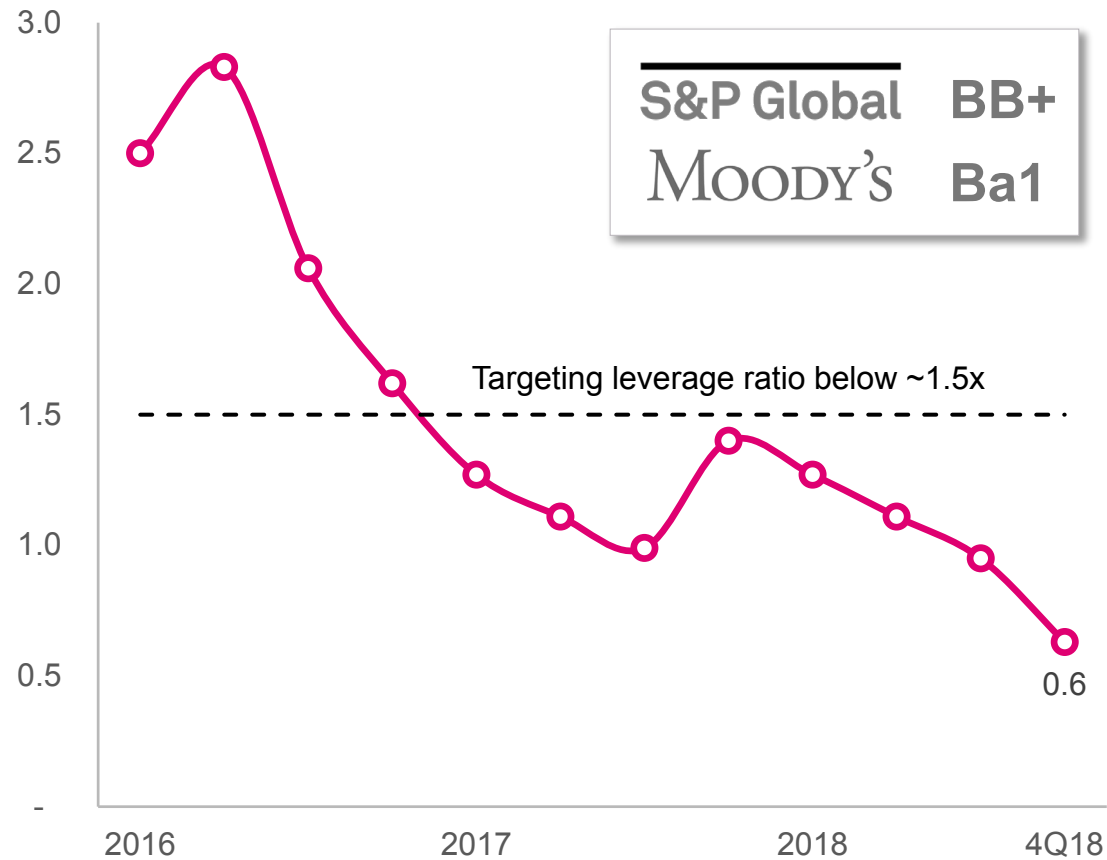


## MAINTAIN SUFFICIENT FINANCIAL CAPACITY

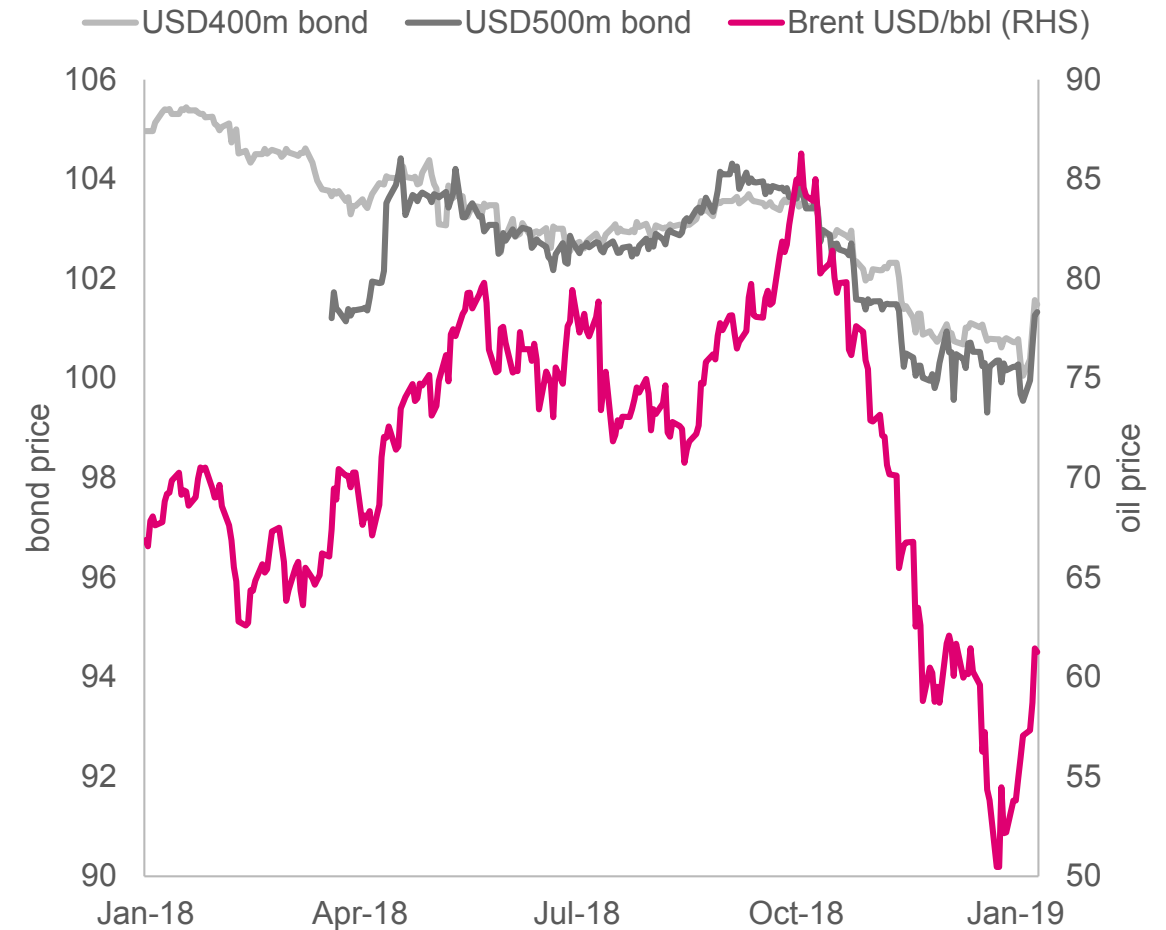
# Strong balance sheet

### Leverage ratio

Net debt / 12m EBITDAX



### Pricing of Aker BP bonds versus oil price

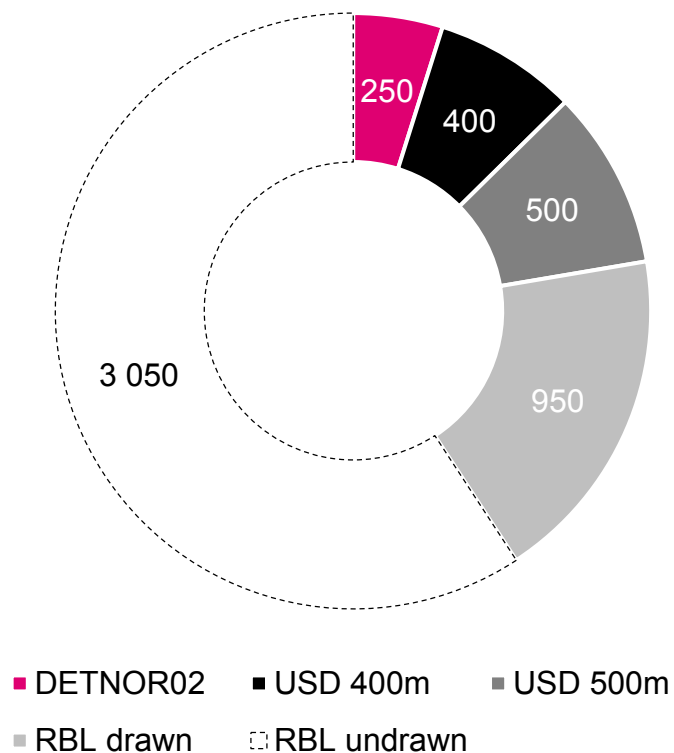


# MAINTAIN SUFFICIENT FINANCIAL CAPACITY

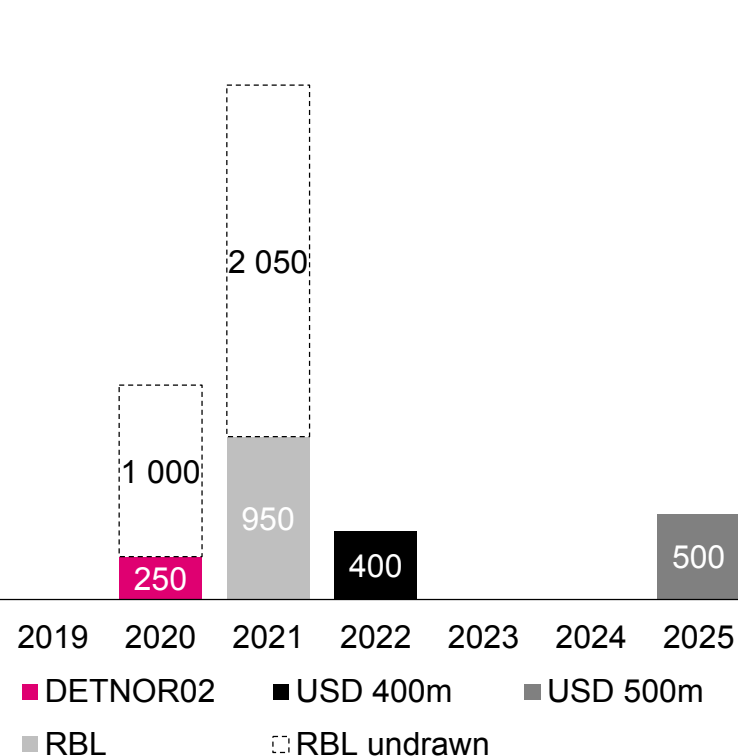
## Flexible capital structure

High debt capacity – low utilization

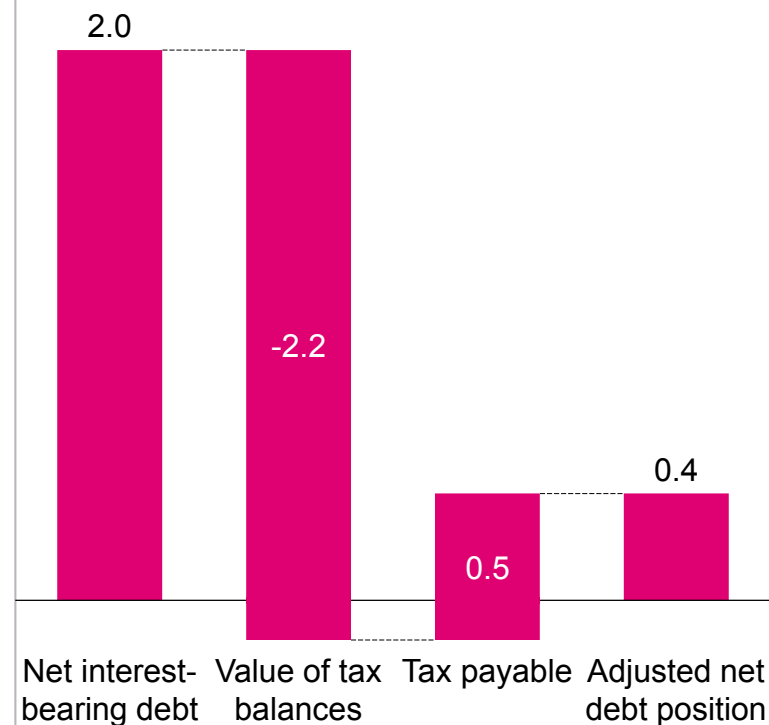
**Debt facilities<sup>1)</sup>**  
USD million



**Debt maturity profile**  
USD million



**Tax-adjusted net debt<sup>1)</sup>**  
USD billion



## Prudent risk management

### Oil price hedging

- Buying put options to secure up to 100 percent of after-tax production value next 12-18 months
- Currently covered for H1-2019:
  - 23% of expected oil volume
  - 83% of net value after tax
  - Strike USD ~55 per barrel

### Insurance

- All assets insured in the commercial market with S&P rating of minimum A-
- Loss of production covered after 45 days at net USD 50 per barrel

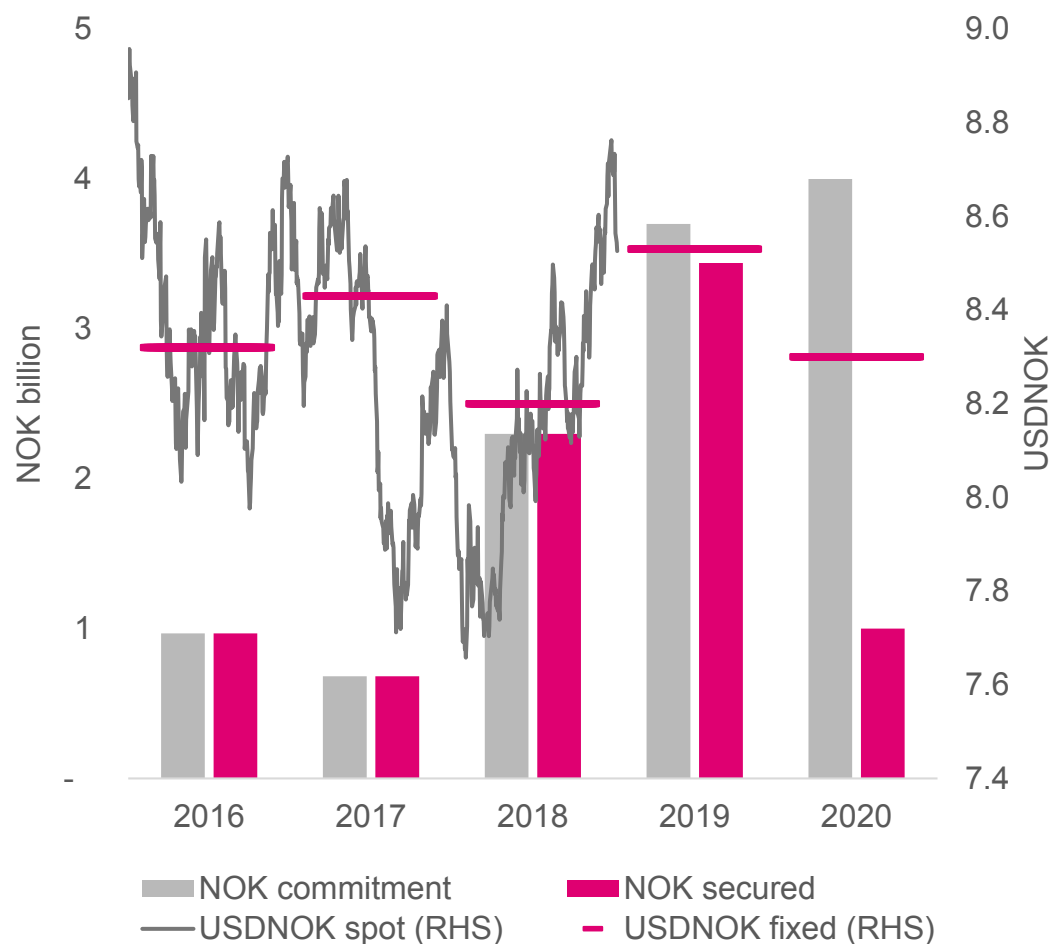
### Interest rates

- Policy: Up to 60% of gross debt at fixed interest rate
- Per end 2018, 62% of gross debt is at fixed rate
- Actively using swaps to manage exposure

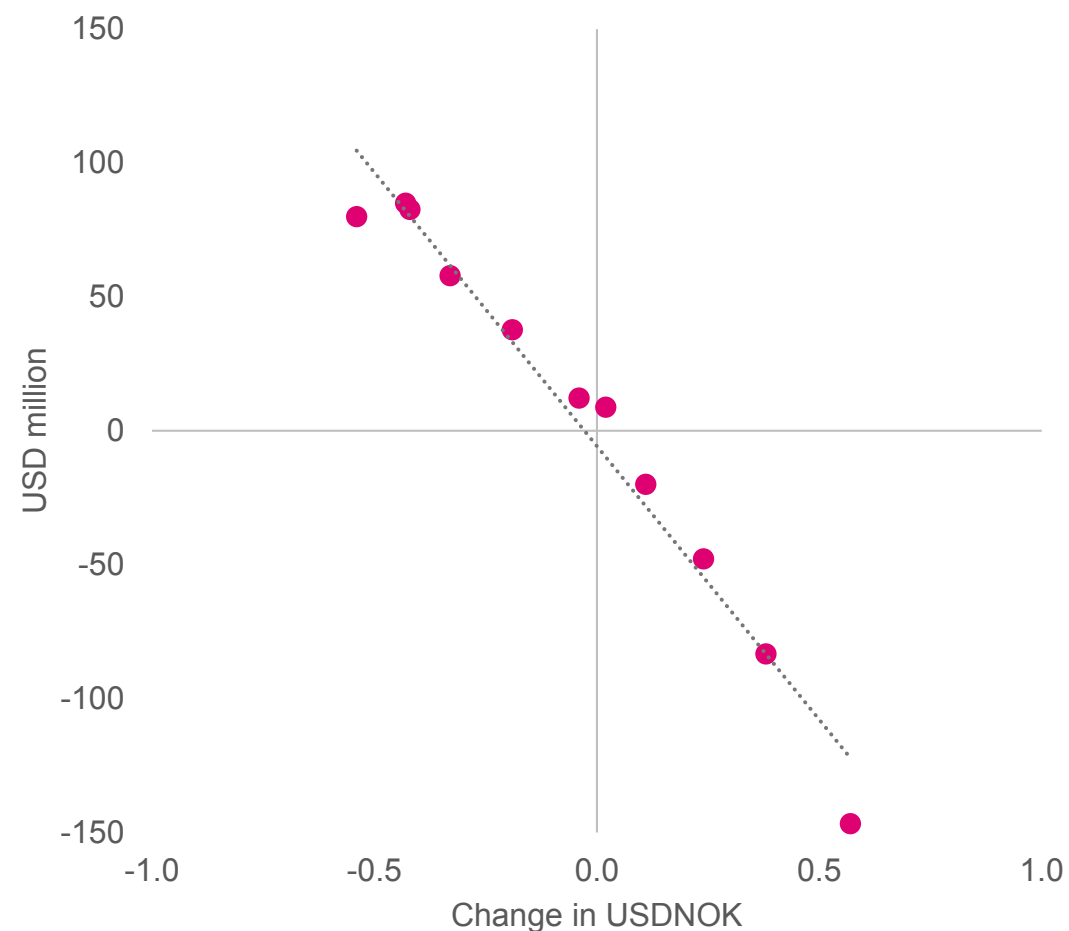
## MAINTAIN SUFFICIENT FINANCIAL CAPACITY

# Managing foreign exchange risk

### Locking in NOK liquidity exposure<sup>1)</sup>



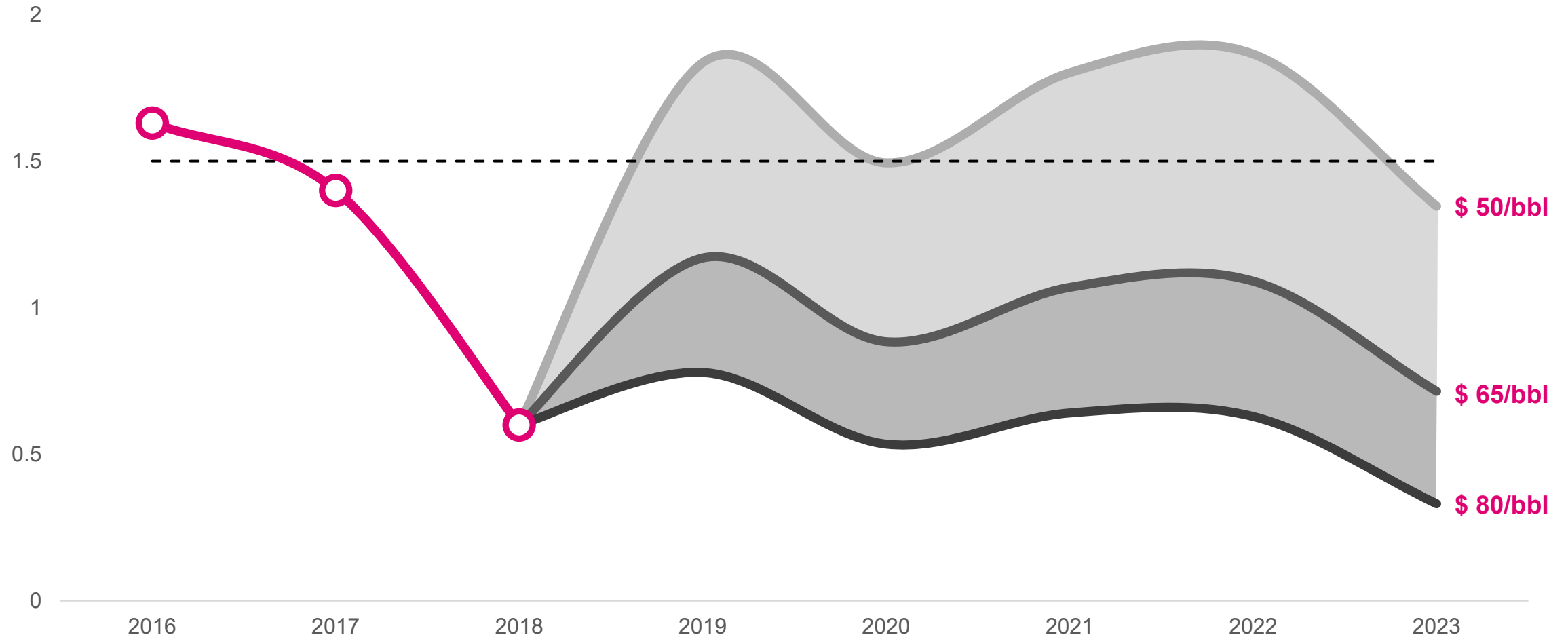
### P&L effect of revaluation of tax balances 1Q16-3Q18<sup>1)</sup>



MAINTAIN SUFFICIENT FINANCIAL CAPACITY

## Leverage ratio scenarios at different oil prices <sup>1)</sup>

An approximation



## PAY ATTRACTIVE DIVIDENDS

# Returning the value creation to shareholders

### Dividend policy

#### ■ Ambition to pay out value creation as dividends

- Strong cash flow from existing portfolio
- Profitable growth from excellent project pipeline
- Strong balance sheet

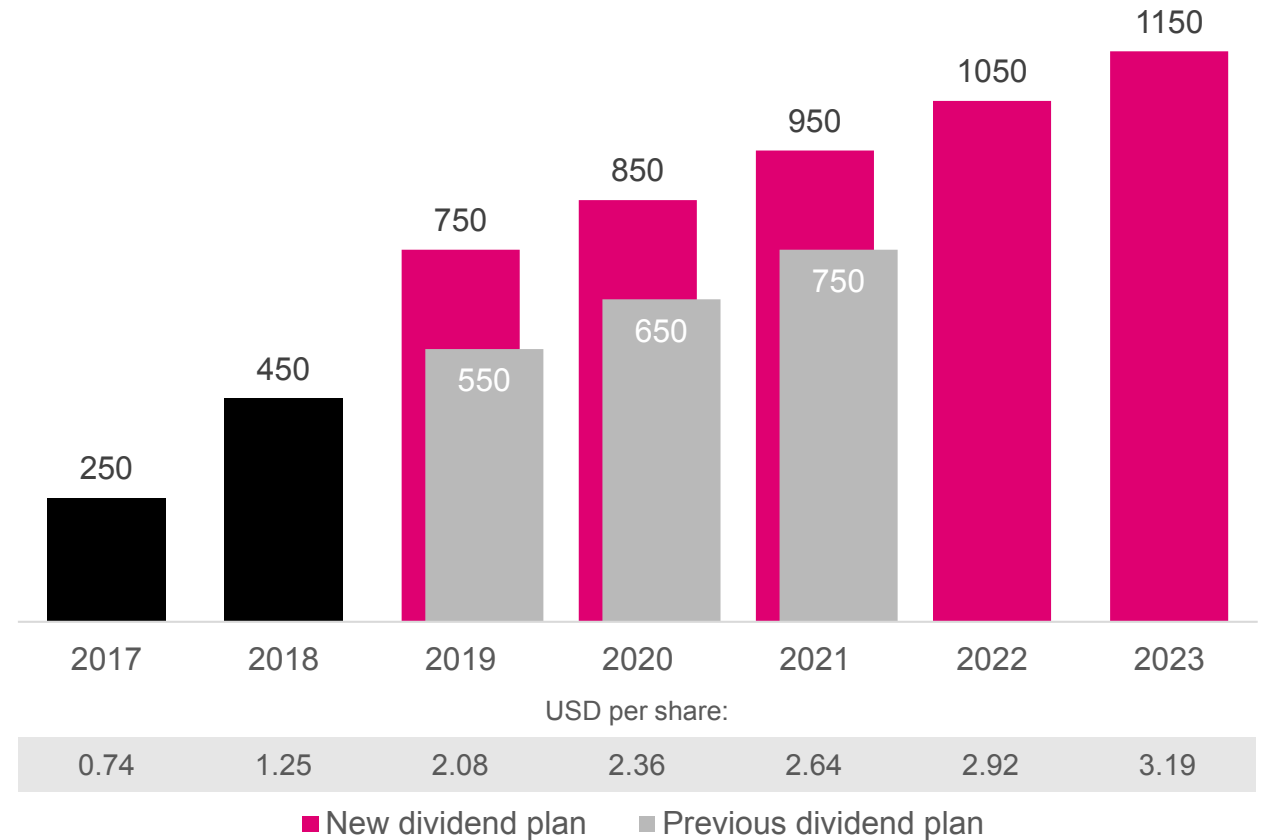
#### ■ Revised plan for dividend payout

- USD 750 million in 2019
- Annual increase of USD 100 million

#### ■ Robustness

- Targeting leverage ratio below ~1.5x
- Maintain stable credit rating
- Significant capex flexibility

### Dividends (USD million)



# Guidance summary

	2018 guidance	2018 preliminary <sup>1)</sup>	2019 guidance <sup>2)</sup>
Production	155-160 mboepd (lower half)	155.7 mboepd	155-160 mboepd
Capex	USD 1.25 billion	USD 1.20 billion	USD 1.6 billion
Exploration spend	USD 400 million	USD 359 million	USD 500 million
Abandonment spend	USD 250 million	USD 243 million	USD 150 million
Production cost per boe	USD ~12	USD ~12	USD ~12.5
Dividends	USD 450 million	USD 450 million	USD 750 million

# Aker BP's key financial priorities

## Key financial priorities

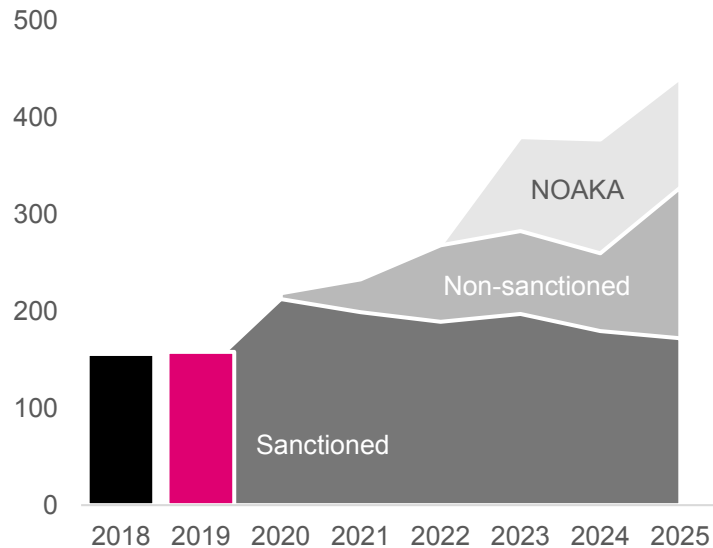
Invest in  
**profitable growth**

Maintain sufficient  
**financial capacity**

Pay attractive  
**dividends**

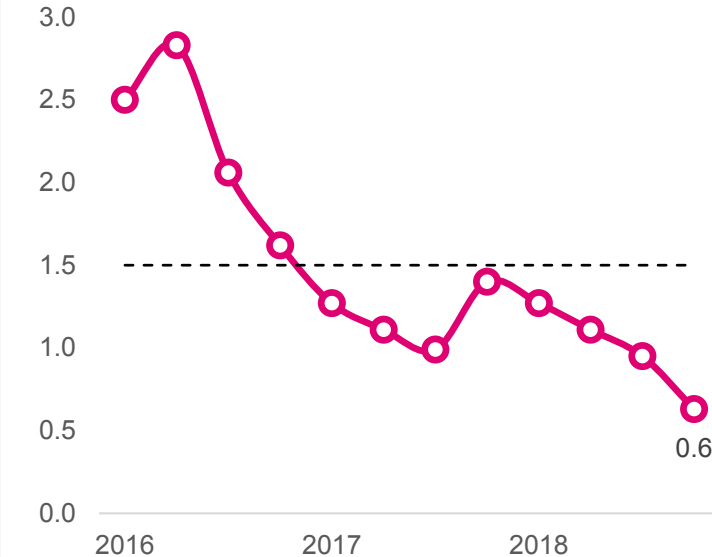
### Production potential – existing portfolio

mboepd



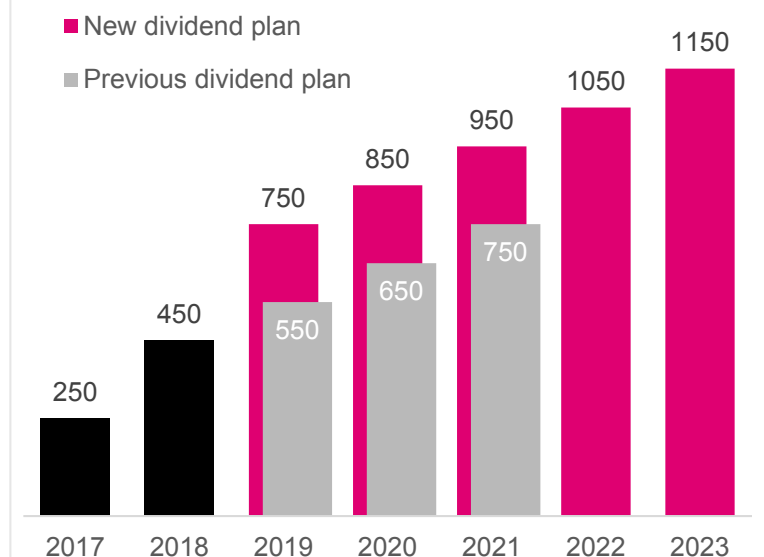
### Leverage ratio

net debt/EBITDAX



### Dividend plan

USD million





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