



## First quarter 2020 results

The first quarter of 2020 was an extraordinary quarter. Aker BP delivered strong operational performance and set a new production record. This was however overshadowed by the COVID-19 pandemic and the sharp drop in global oil prices. The company's key priorities in this challenging situation are to safeguard its people, its production and its financial capacity.

### Responding to COVID-19

Aker BP early on established a dedicated team to handle the company's operational response to the COVID-19 pandemic. In close cooperation with employees, suppliers and authorities, this team has implemented measures to minimize the risk of infection and business interruption both onshore and offshore. This includes a wide range of practical measures like reduced offshore manning, physical distancing, travel restrictions and working from home. Supported by these measures, the company has maintained its production at full capacity.

### First quarter results

In the first quarter, Aker BP's net production was 208.1 (191.1) thousand barrels of oil equivalents per day (mboepd), and net sold volume was 207.5 (184.5) mboepd. These volumes represent a new all-time high for Aker BP, reflecting the continued ramp-up of production from the Johan Sverdrup field. Petroleum revenues did however decline by approximately 20 percent due to significantly lower realized oil and gas prices. This decline was partly mitigated by gains from the company's oil price hedging program. Total income for the first quarter amounted to USD 872 (1,003) million.

Production costs for the oil and gas sold in the quarter amounted to USD 156 (154) million. Per produced boe, production cost was reduced to USD 8.7 (9.1). Exploration expenses amounted to USD 50 (85) million and included costs of the Nidhogg well which was concluded as a non-commercial gas discovery. Depreciation amounted to USD 277 (255) million, equivalent to USD 14.6 (14.5) per boe. Impairments amounted to USD 654 (0) million and were mainly caused by the sharp reduction in oil prices and the corresponding effect on investment plans and asset valuations.

Net financial expenses were USD 149 (67) million in the quarter, negatively impacted by the weaker NOK versus USD. Loss before taxes amounted to USD 414 million, compared to a profit of USD 424 million in the fourth quarter 2019. Tax income was USD 80 million, compared to a tax expense of USD 312 million in the previous quarter. The low effective tax rate for the first quarter mainly reflects the limited deductibility towards the special petroleum tax for financial items and impairments, as well as the currency-driven revaluation of the company's tax balances. Overall, the company reported a net loss of USD 335 million for the quarter, compared to a net profit of USD 112 million in the previous quarter.

Investments in fixed assets amounted to USD 343 (490) million in the quarter, driven by field development activities across the company's portfolio. First oil from Skogul was achieved during the quarter. Skogul is the subsea production well number 36 in the Alvheim area and has been delivered safely, efficiently and on schedule.

### Updated investment program

In order to secure its financial optionality in response to the uncertainty caused by the COVID-19 situation and the sharp reduction in oil prices, Aker BP has made significant changes to its investment program which was presented at the company's Capital Markets Update in February 2020. All non-sanctioned field development projects are put on hold, and several exploration wells are postponed. For 2020, this represents a 20 percent reduction in capital spend compared to previous guidance, with potential for further reductions in coming years. Production costs are also expected to be reduced by around 20 percent from previous guidance, as all non-critical activities are being postponed and the weaker NOK favourably impacts the cost level. The production guidance for 2020 remains unchanged at 205-220 mboepd. The longer-term production outlook will obviously be impacted by the company's investment level.

### Liquidity and financial position

Maintaining a strong financial position is a key strategic priority for Aker BP, and the company is continuously managing its capital structure and exposures to enhance flexibility and reduce cost and risk. During the first quarter, the company strengthened its liquidity by issuing USD 1.5 billion in new long-dated bonds at attractive terms. Furthermore, the maturity for USD 2 billion of the company's bank facility (RCF) was in April extended by one year from 2024 to 2025. The company's oil price hedging program has also been expanded. At the end of the first quarter Aker BP had USD 4.0 billion in available liquidity, with no significant debt maturities until 2022.

### Dividends

Aker BP's ambition is to return a significant part of its value creation to shareholders through attractive cash dividends. However,

given the weak oil market and the high uncertainty in the global economy, the Board has decided to retract the current dividend plan in order to retain financial flexibility and position the company for future value accretive organic and inorganic growth opportunities.

The Board has decided to pay USD 70.8 million (USD 0.1967 per share) in dividends in May 2020, representing one third of the previously guided amount. It is the Board's ambition to maintain this level for the remaining quarters of 2020, implying total dividend payments of USD 425 million for the full year. Each quarterly dividend decision will however be subject to a holistic assessment of all relevant factors, including oil prices, the COVID-19 situation and the company's financial position.

The company will revert with a new long-term dividend policy when market conditions allow.

[AkerBP Q1 2020 Report.pdf](#)

[AkerBP Q1 2020 Presentation.pdf](#)

### **Presentation and conference call details**

The full report and presentation can be found on [www.akerbp.com](http://www.akerbp.com).

A conference call will be hosted at 08:30 (CEST). The conference call will be available as a webcast on the company's website [www.akerbp.com/en](http://www.akerbp.com/en).

To participate in the conference call, please contact the conference call operator at the telephone numbers listed below. Please join the event 10 minutes prior to scheduled start time and provide the confirmation code or ask for the Aker BP First Quarter 2020 Presentation.

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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](http://www.akerbp.com).*

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