Press release 28 October, 2022

Equinor third quarter 2022

Equinor delivered adjusted earnings* of USD 24.3 billion and USD 6.72 billion after tax in the third quarter of 2022. Net operating income was USD 26.1 billion and the net income was reported at USD 9.37 billion.

Strategic and industrial developments:

- The Brazilian oil field Peregrino was brought back in production and Peregrino phase 2 on stream
- Low carbon value chains continue to develop with first commercial agreement on CO_2 storage for the Northern Lights JV
- Project portfolio in execution is maintaining stable cost level

Operational performance:

- Continued high production, gas to Europe up 11%
- Strong results from marketing and trading gas and power

Financial performance:

- Continuing to generate strong earnings mainly from increased gas prices
- Strong free cash flow year to date of USD 21.7 billion
- Additional payment of tax of around USD 10 billion and a net debt to capital employed ratio adjusted* of negative 19.1%
- Cash dividend of USD 0.20 and increased extraordinary cash dividend to USD 0.70 per share for third quarter of 2022 and a fourth share buy-back tranche of USD 1.83 billion

Anders Opedal, president and CEO of Equinor ASA:
"Norway's and Equinor's role as a reliable energy provider is more important than ever. I am proud of all our people going to great lengths to keep the energy production high and secure. Working together with our partners and the authorities, we have taken extra measures to increase security in this situation.

The Russian war in Ukraine has changed the energy markets, reduced energy availability and increased prices. Equinor continues to provide stable flow and high production, with record-levels of gas from the Norwegian continental shelf.

High production combined with continued high price levels resulted in very strong financial results with adjusted earnings of more than 24 billion dollars before tax. The earnings enable us to continue investing in the energy transition, while building resilience in uncertain times. It also increased our tax contributions, in total around 17 billion dollars in tax payments in the quarter".

	Quarter		Change	Financial information	First nine months		
Q3 2022	**Q2 2022**	**Q3 2021**	**Q3 on Q3**	**(unaudited, in USD million)**	**2022**	**2021**	**Change**
26,103	17,733	9,567	>100%	**Net operating income/(loss)**	**62,228**	20,085	>100%
24,301	17,590	9,771	>100%	Adjusted earnings*	**59,881**	18,497	>100%
9,371	6,762	1,409	>100%	**Net income/(loss)**	**20,847**	5,206	>100%
6,715	5,000	2,777	>100%	Adjusted earnings after tax*	**16,895**	5,644	>100%
6,578	8,520	8,039	(18%)	**Cash flows provided by operating activities**	**30,869**	20,665	49%
2,402	6,628	6,725	(64%)	Free cash flow*	**21,719**	16,406	32%

	Quarter		Change		First nine months		
Q3 2022	**Q2 2022**	**Q3 2021**	**Q3 on Q3**	**Operational data**	**2022**	**2021**	**Change**
92.9	106.9	69.2	34%	Group average liquids price (USD/bbl) [1]	**99.0**	63.2	56%
2,021	1,984	1,996	1%	Total equity liquids and gas production (mboe per day) [4]	**2,037**	2,053	(1%)
294	325	304	(3%)	Renewables power generation (GWh) Equinor share	**1,131**	1,036	9%

Health, safety and the environment	**Q3 | First nine months 2022**	**Full year 2021**
Serious incident frequency (SIF) Twelve-month average as at Q3 2022	**0.4**	0.4
Upstream CO_2 intensity (kg CO_2/boe) as at first nine months 2022	**6.9**	7.0

Net debt to capital employed adjusted*	**30 September 2022**	**31 December 2021**	**%-point change**
Net debt to capital employed adjusted*	**(19.1%)**	(0.8%)	(18.2)

Dividend (USD per share)	**Q3 2022**	**Q2 2022**	**Q3 2021**
Announced dividend per share	**0.20**	0.20	0.18
Extraordinary dividend per share	**0.70**	0.50	

In the first nine months of 2022 Equinor settled shares in the market under the share buy-back programmes of USD 1.38 billion and USD 1.36 billion for the Norwegian government's share of the 2021 programme and the first tranche of the 2022 programme.

* For items marked with an asterisk in this press release, see Use and reconciliation of non-GAAP financial measures in Supplementary disclosures of the report.

High production impacted by seasonal turnarounds contributed to energy security
Solid operational performance and projects on stream resulted in high production despite a larger scope of turnarounds than for the same quarter previous year.

In third quarter last year, Equinor had already started measures to increase deliveries of gas to Europe. Despite this, E&P Norway still increased gas production by 11% compared to the same quarter last year, supported by the ramp up of the LNG production at Hammerfest LNG.

In Brazil, the Peregrino field came back in production and ramped up successfully, while the Peregrino phase 2 came on stream in October, taking total plateau production level to 110 000 barrels per day.

Production in the E&P USA was at the same level as the third quarter last year, with a higher share of the production from the offshore assets.

Total power production for the quarter ended at 491 GWh. Of this, 294 GWh is produced from renewable energy assets, down 3% from the same quarter last year mainly due to lower wind and higher maintenance activity. 197 GWh of the production was gas-to-power production from Triton Power in UK.

In the third quarter Equinor completed 7 exploration wells offshore and 2 wells were ongoing at quarter end.

Progressing on strategy for the energy transition
Equinor is progressing to grow the Norwegian Continental Shelf (NCS) as a hub for commercial CO_2 storage, with Northern Lights JV signing the first commercial customer and being on track for start-up in 2024. Equinor has entered partnerships to develop solutions for large-scale commercial CO_2 storage with pipes from Europe to the NCS.

In the UK, Equinor has applied to extend the operated Sheringham Shoal and Dudgeon windfarms with additional 719 MW. Equinor has also sanctioned the Blandford Road battery storage project, which will be the first commercial battery storage asset for the company and have a 25 MW/50 MWh capacity.

Equinor is executing 20 projects with overall good progress. There is limited impact from the rise in inflation and cost on the sanctioned portfolio, however some projects are impacted by global supply chain bottlenecks. On the NCS, the floating wind farm Hywind Tampen is currently being connected and will be completed in 2023. Johan Sverdrup phase 2 and Njord future are on track to come on stream in the fourth quarter of 2022. In the UK, the wind farm Dogger Bank is expected to bring its first phase into operation in 2023.

Strong financial results from high prices
Energy prices remained high in the quarter, and significantly higher than for the third quarter last year. Equinor realised a European gas price which was 60% up from already high levels last quarter, while the realised liquids prices were 13% lower.

Adjusted earnings* for the quarter were USD 24.3 billion, up from USD 9.77 billion in the same quarter last year. Adjusted earnings after tax* were USD 6.72 billion, up from USD 2.78 billion in the same period last year. The operational and administrative costs increased due to higher electricity prices, CO_2-costs, inflationary pressure, and higher field cost, partially offset by significant currency effects when presenting in US dollar.

Equinor delivered strong results from sales and trading, particularly from gas and power, selling to the markets with the highest demand. This is reflected in the results of the MMP segment.

Equinor reported net operating income of USD 26.1 billion in the quarter, up from USD 9.57 billion in the same period in 2021. Net income was USD 9.37 billion in the quarter, up from USD 1.41 billion in the third quarter of 2021. This is including net impairment reversals of USD 1.09 billion, mainly related to increased expected refinery margins.

Continued strong cash flow and increased tax payments
Cash flow provided by operating activities before taxes and changes in working capital amounted to USD 24.5 billion for the third quarter, compared to USD 10.8 billion for the same period in 2021. Organic capital expenditure* was USD 1.9 billion for the quarter. Free cash flow* was USD 2.4 billion for the third quarter, impacted by the first NCS tax instalment for 2022 and an additional tax payment, totalling USD 17 billion due to increased tax estimates for 2022. In the fourth quarter Equinor will pay two ordinary tax instalments at a total of NOK 140 billion.

Capital distribution paid in third quarter was USD 3.3 billion, including the settlement of the Norwegian government´s share of the shares purchased in the share buy-back programme in 2021 and the first quarter of 2022 of USD 1.36 billion.

Strong cash flow and capital discipline resulted in a continued strong net debt to capital employed ratio adjusted* of negative 19.1% at the end of the quarter. This is up from negative 38.6 % in the second quarter of 2022.

Competitive capital distribution
The Board of Directors has decided a cash dividend of USD 0.20 per share. Based on continued strong earnings in the quarter the Board of Directors has in addition decided to increase the extraordinary cash dividend from USD 0.50 per share to USD 0.70 per share for third quarter 2022.

Furthermore, based on the strength of the brent price, balance sheet and the outlook for commodity prices, the Board of Directors has decided to initiate a fourth and final tranche of USD 1.83 billion of the 2022 share buy-back programme of USD 6 billion. The fourth tranche will commence on 31 October and will end no later than 27 January 2023.

All share buy-back amounts include shares to be redeemed by the Norwegian State.

Since the second quarter of 2022, the expected total capital distribution for 2022 is increased from around USD 13 billion to around USD 13.7 billion.

Emissions and serious incident frequency
Average CO_2-emissions from Equinor´s operated upstream production, on a 100% basis, were 6.9 kg per boe for the first nine months of 2022. The twelve-month average serious incident frequency (SIF) for the period ending 30 September 2022 was 0.4.

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GROUP REVIEW

Q3 2022	Quarters Q2 2022	Q3 2021	Change Q3 on Q3	Financial information (unaudited, in USD million)	First nine months 2022	2021	Change
43,633	36,459	23,264	88%	**Total revenues and other income**	**116,486**	58,316	100%
43,337	36,315	24,134	80%	Adjusted total revenues and other income*	**116,364**	57,252	>100%
(17,531)	(18,727)	(13,698)	28%	**Total operating expenses**	**(54,258)**	(38,231)	42%
(13,969)	(13,885)	(9,127)	53%	Adjusted purchases*	**(41,635)**	(23,729)	75%
(2,657)	(2,390)	(2,464)	8%	Adjusted operating and administrative expenses*	**(7,497)**	(6,924)	8%
(2,118)	(2,149)	(2,565)	(17%)	Adjusted depreciation, amortisation and net impairments*	**(6,600)**	(7,451)	(11%)
(292)	(301)	(207)	41%	Adjusted exploration expenses*	**(751)**	(650)	15%
26,103	17,733	9,567	>100%	**Net operating income/(loss)**	**62,228**	20,085	>100%
24,301	17,590	9,771	>100%	Adjusted earnings*	**59,881**	18,497	>100%
2,053	1,713	1,917	7%	**Capital expenditures and Investments**	**5,948**	5,814	2%
6,578	8,520	8,039	(18%)	**Cash flows provided by operating activities**	**30,869**	20,665	49%

Q3 2022	Quarters Q2 2022	Q3 2021	Change Q3 on Q3	Operational information	First nine months 2022	2021	Change
2,021	1,984	1,996	1%	Total equity liquid and gas production (mboe/day)	**2,037**	2,053	(1%)
1,885	1,842	1,855	2%	Total entitlement liquid and gas production (mboe/day)	**1,895**	1,904	(0%)
294	325	304	(3%)	Renewables power generation (GWh) Equinor share	**1,131**	1,036	9%
100.9	113.8	73.5	37%	Average Brent oil price (USD/bbl)	**105.4**	67.7	56%
92.9	106.9	69.2	34%	Group average liquids price (USD/bbl)	**99.0**	63.2	56%
42.34	25.53	13.91	>100%	E&P Norway average internal gas price (USD/mmbtu)	**32.59**	8.84	>100%
7.01	6.25	2.90	>100%	E&P USA average internal gas price (USD/mmbtu)	**5.80**	2.28	>100%

For items impacting net operating income/(loss), see Use and reconciliation of non-GAAP financial measures in Supplementary disclosures.

Operations

Equinor continues to deliver consistently high production levels into the third quarter. Production activity on the NCS increased relative to the same quarter last year primarily driven by the restart of Snøhvit in June, partially offset by a wider scope of turnaround activity versus the prior year. Gas production on the NCS increased by 11% compared to the same quarter last year providing continued progress towards maximising Equinor's efforts on energy security for Europe. In addition to the Snøhvit restart, this increase was mainly due to positive contributions from Martin Linge and ongoing gas export from Gina Krog. Production levels for E&P International and E&P USA were stable in the third quarter relative to the third quarter of 2021, benefitting by the restart of production on the Peregrino field in July, which compensated for the decrease in production from Equinor's exit from Russia earlier this year.

The realisation of significantly higher gas prices and elevated crude prices, coupled with high production levels, resulted in the increase in net operating income and adjusted earnings* in the third quarter and in the first nine months of 2022 compared to the same periods last year. There were strong contributions to the overall business results from gas and power sales and trading in the third quarter and in the first nine months of 2022. This demonstrates the continued ability of the Marketing, Midstream and Processing segment to provide solid results in the current volatile market.

Inflationary pressures during the quarter and in the first nine months of 2022 influenced cost across the company, increasing operational expenditure. Higher energy prices, field costs and environmental costs contributed to the increase in upstream operating expenditure. The cost increases were partially offset by decreases in estimated non-cash decommissioning costs relative to the prior quarter. Changes in the cost base were further masked by significant currency effects due to the strengthening of the USD against the NOK and the EUR in the third quarter.

Net impairment reversals of USD 1,086 million in the quarter and USD 1,334 million for the first nine months of 2022 contributed to the increased net operating income in the respective corresponding periods.

Taxes
The effective reported tax rate was 65.5% for the third quarter of 2022 (84.4% for the third quarter of 2021) and 67.5% for the first nine months of 2022 (71.8% for the first nine months of 2021). The decrease in reported tax rates was mainly caused by lower share of NCS earnings, tax exempt gains on divestments in 2022 and currency effects in entities that are taxable in other currencies than the functional currency. This was partially offset by lower effect of uplift deduction.

The effective tax rate on adjusted earnings* of 72.4% for the third quarter of 2022 and 71.8% for the first nine months increased compared to 71.6% and 69.5% in 2021 due to lower effect of uplift deduction.

Cash flow, net debt and capital distribution
Cash flow provided by operating activities before taxes paid and working capital items improved by USD 13,697 million to USD 24,498 million from the third quarter of 2021 and by USD 38,658 million to USD 62,620 million from the first nine months of 2021. This improvement was driven by strong financial results due to high production and increased commodity prices across both the NCS and our international businesses. In addition, the movements in commodity prices have driven an increase in collateral payments due to increased margin requirements for exchange traded derivatives.

Working capital increased by USD 946 million in the third quarter (USD 1,260 million in the third quarter 2021) and by USD 2,083 million for the first nine months 2022 (USD 1,366 million in 2021).

Taxes of USD 16,975 million, paid in the third quarter of 2022, significantly increased relative to the prior quarter. This was due to an additional instalment payment of Norwegian corporation tax in the quarter of USD 10 billion (NOK 105 billion).

Free cash flow* remained strong, at USD 21,719 million for the first nine months 2022 compared to USD 16,406 million in the same period of 2021, despite the significant increase in tax payments, increased dividend payments and the share buy-back programme.

The adjusted net debt to capital employed ratio* was negative 19.1% at the end of September 2022, an increase from negative 38.6% at the end of June 2022. The increase is mainly related to an increase in paid collaterals and increased taxes paid in the third quarter.

The Board of Directors has decided a cash dividend of USD 0.20 per share. Based on continued strong earnings in the quarter the Board of Directors has in addition decided to increase the extraordinary cash dividend from USD 0.50 per share to USD 0.70 per share for third quarter 2022.

Furthermore, based on the strength of the brent price, balance sheet and the outlook for commodity prices, the Board of Directors has decided to initiate a fourth and final tranche of USD 1,833 million of the 2022 share buy-back programme of USD 6 billion. The fourth tranche will commence on 31 October and will end no later than 27 January 2023.

All share buy-back amounts include shares to be redeemed by the Norwegian State.

Since 2Q 2022, the expected total capital distribution for 2022 is increased from around USD 13 billion to around USD 13.7 billion.

OUTLOOK

- **Organic capital expenditures*** are estimated at around USD 8.5 billion for 2022, at an annual average of around USD 10 billion for 2022-2023 and at an annual average of around USD 12 billion for 2024-2025[1].
- **Production** for 2022 is estimated to be around 1% above 2021 level [6].
- Equinor's ambition is to keep the **unit of production cost** in the top quartile of its peer group.
- **Scheduled maintenance activity** is estimated to reduce equity production by around 40 mboe per day for the full year of 2022.

These forward-looking statements 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. Deferral of production to create future value, gas off-take, timing of new capacity coming on stream, operational regularity and the ongoing impact of Covid-19 represent the most significant risks related to the foregoing production guidance. Our future financial performance, including cash flow and liquidity, will be affected by the extent and duration of the current market conditions, the development in realised prices, including price differentials and other factors discussed elsewhere in the report. For further information, see section Forward-looking statements.

[1] USD/NOK exchange rate assumption of 9.

References

To see end notes referenced in main table and text please download our complete report from our website - https://www.equinor.com/quarterlyreports

Further information from:

Investor relations
Mads Holm, Senior vice president Investor relations, +47 909 55 417 (mobile)

Press
Sissel Rinde, vice president Media relations, +47 412 60 584 (mobile)