Press release 8 February, 2023

Equinor fourth quarter and full year 2022 results

Equinor delivered adjusted earnings* of USD 15.1 billion and USD 5.80 billion after tax in the fourth quarter of 2022. Net operating income was USD 16.6 billion and net income was USD 7.90 billion.

The fourth quarter and full year were characterised by:

- Solid operational performance, contributing to energy security.
- Strong adjusted earnings*.
- High value creation from marketing and trading.
- Strong cash flow, further strengthening of balance sheet.
- Cost focus and capital discipline to address inflation.
- Proposed 50% increase in ordinary cash dividend to USD 0.30 per share.
- Expected capital distribution in 2023 of USD 17 billion.

Going forward, Equinor is:

- Well positioned to deliver strong returns through the energy transition, expecting above 15% return on average capital employed to 2030[1].
- Expecting around USD 20 billion in average annual cash flow from operations after tax towards 2030[1].
- Investing in a profitable and robust project portfolio, contributing to energy security and decarbonisation.
- Progressing on the energy transition plan.

Anders Opedal, president and CEO of Equinor ASA:
"Equinor is uniquely positioned to provide energy and contribute to decarbonisation, while delivering strong returns. Strong earnings and cash flow will enable continued competitive capital distribution and investments in high-value, resilient projects within oil and gas, renewables, and low carbon solutions."

"In 2022, we responded to the energy crisis and contributed to energy security. With strong operational performance, we delivered record results and cash flow from operations. We stepped up capital distribution to shareholders, while continuing to invest in a balanced energy transition and contributing to society with high tax payments. On the back of strong earnings, outlook, and balance sheet, we step up capital distribution to expected 17 billion dollars in 2023."

"Our ambition is to be a leading company in the energy transition."

	Quarter		Change	Financial information		Full year	
Q4 2022	Q3 2022	Q4 2021	Q4 on Q4	(unaudited, in USD million)	2022	2021	Change
16,584	26,103	13,578	22%	**Net operating income/(loss)**	**78,811**	33,663	>100%
15,059	24,301	14,989	0%	Adjusted earnings*	**74,940**	33,486	>100%
7,897	9,371	3,370	>100%	**Net income/(loss)**	**28,744**	8,576	>100%
5,796	6,715	4,397	32%	Adjusted earnings after tax*	**22,691**	10,042	>100%
4,267	6,578	8,151	(48%)	**Cash flows provided by operating activities**	**35,136**	28,816	22%
1,669	2,402	8,578	(81%)	Free cash flow*	**23,388**	24,984	(6%)

	Quarter		Change			Full year	
Q4 2022	Q3 2022	Q4 2021	Q4 on Q4	Operational data	2022	2021	Change
80.4	92.9	75.9	6%	Group average liquids price (USD/bbl) [1]	**94.1**	66.3	42%
2,046	2,021	2,158	(5%)	Total equity liquids and gas production (mboe per day) [4]	**2,039**	2,079	(2%)
1,332	491	526	>100%	**Total power generation (Gwh) Equinor share**	**2,661**	1,562	70%
517	294	526	(2%)	Renewable power generation (GWh) Equinor share	**1,649**	1,562	6%

Health, safety and the environment	Q4 | Full year 2022	Full year 2021
Serious incident frequency (SIF) Twelve-month average as at Q4 2022	**0.4**	0.4
Upstream CO_2 intensity (kg CO_2/boe) as at full year 2022	**6.9**	7.0

Net debt to capital employed adjusted*	31 December 2022	31 December 2021	%-point change
Net debt to capital employed adjusted*	**(23.9%)**	(0.8%)	(23.1)

Dividend (USD per share)	Q4 2022	Q3 2022	Q4 2021
Ordinary dividend per share	**0.30**	0.20	0.20
Extraordinary dividend per share	**0.60**	0.70	0.20

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

[1] Based on Brent blend 70 USD/bbl, Henry Hub 3.5 USD/mmbtu and European gas price 2023: 20 USD/mmbtu, 2024: 20 USD/mmbtu, 2025: 15 USD/mmbtu and 2026 onwards: 9 USD/mmbtu

Strong operational performance with new fields on stream
Equinor delivered a total equity production of 2,046 mboe per day for the fourth quarter, down from 2,158 mboe per day in the same quarter of 2021, impacted by turnarounds in the US offshore, the exit from Russian assets and deferral of gas production from the Norwegian continental shelf (NCS) to periods with higher demand.

During the quarter, Equinor brought on stream the Peregrino phase 2 project in Brazil and Askeladd, Johan Sverdrup Phase 2 and Njord Future on the NCS.

The floating offshore windfarm Hywind Tampen on the NCS generated its first power in the fourth quarter and will be completed in 2023. Production from renewable energy sources was 517 GWh in the quarter, down 2% from the same quarter in 2021. Including gas-to-power, total power production for the quarter ended at 1,332 GWh.

Equinor completed five exploration wells offshore with one commercial discovery in the quarter and four wells were ongoing at the quarter end.

Strong financial results
Equinor realised a European gas price of USD 29 per mmbtu and realised liquids prices where USD 80.4 per bbl in the fourth quarter. Although prices are comparatively higher than the corresponding quarter in 2021, European gas price weakened through the fourth quarter of 2022.

Equinor delivered strong sales and trading results, particularly from gas and power, selling to the markets with the highest demand. However, the Marketing, Midstream & Processing segment results were negative due to the timing impact of derivative contracts. In the Exploration & Production USA segment deferred tax asset has been recognised at USD 2.7 billion, with a corresponding decrease in income taxes of USD 2.8 billion resulting in a low reported effective tax rate this quarter compared to last year.

Cash flow provided by operating activities before taxes and changes in working capital amounted to USD 21.0 billion for the fourth quarter, compared to USD 18.0 billion for the same period in 2021. Organic capital expenditure* was USD 2.36 billion for the quarter.

Delivering on always safe, high value, low carbon through 2022
For 2022 the adjusted earnings* were USD 74.9 billion, up from USD 33.5 billion last year. Adjusted earnings after tax* were USD 22.7 billion, up from USD 10.0 billion in 2021. Equinor reports a net operating income for 2022 of USD 78.8 billion, and a net income of USD 28.7 billion. Strong earnings and firm capital discipline resulted in a free cash flow* of USD 23.4 billion after capital distribution and a return on average capital employed* of 55% for 2022. In 2022 Equinor paid USD 42.8 billion in tax related to operations on NCS.

In 2022, seven new fields were brought on stream, adding a total capacity of around 200 mboe per day when fully ramped up. Equinor is progressing on a highly competitive project portfolio and 13 plans for development and operations were submitted in 2022.

The operational and administrative costs increased through 2022 due to higher electricity prices, CO_2-costs, inflationary pressure, and higher field cost, partially offset by significant currency effects when presenting in the US dollar and mitigating actions.

As a result of long-term improvement efforts and cost control, Equinor has already realised the ambition set for 2025 to achieve improvements with a cash flow effect of USD 4 billion.

Equinor progressed several projects to reduce emissions from production, and the average CO_2-emission from the operated upstream production, on a 100% basis, was 6.9 kg per boe for 2022.

The twelve-month average serious incident frequency (SIF) for 2022 was 0.4, stable from the previous year.

Step-up in capital distribution
The board of directors proposes to the annual general meeting an ordinary cash dividend of USD 0.30 per share for the fourth quarter of 2022, up from USD 0.20 per share for the third quarter of 2022. The board has decided to continue the share buy-back programme of USD 1.2 billion per year, introduced in 2021 as an integrated part of capital distribution.

In addition, the board proposes an extraordinary cash dividend of USD 0.60 per share for the fourth quarter of 2022 based on strong earnings and the robust financial position. The board has also decided to increase the USD 1.2 billion share buy-back programme with up to USD 4.8 billion, resulting in a programme up to USD 6.0 billion in 2023.

The interim cash dividends for the first, second and third quarters of 2023 and further tranches of the share buy-back programme will be decided by the board of directors on a quarterly basis in line with the dividend policy, and subject to existing and renewed authorisations from the AGM, including agreement with the Norwegian state regarding share buy-backs. The share buy-back programme is expected to be executed when Brent oil prices are in or above the range of 50-60 USD/bbl and Equinor's net debt ratio* stays within the communicated ambition of 15-30 %, and this is supported by commodity prices. Total capital distribution for 2023, including share buy-back, is expected at USD 17 billion.

The fourth tranche of the share buy-back programme for 2022 was completed 17 January 2023 with a total value of USD 1.83 billion. For 2022 total share buy-back amounts to USD 6 billion.

The first tranche of the 2023 share buy-back programme of USD 1 billion will commence on 9 February and end no later than 24 March 2023.

All share buyback amounts include shares to be redeemed by the Norwegian State.

Capital markets update: Strong returns through the transition

Equinor is well positioned for high value creation, providing energy security and contributing to decarbonisation. With a strong cash flow supporting a competitive capital distribution, and continued investments in a robust high-value portfolio, the company can deliver strong returns through the energy transition. Equinor is developing as a broad energy company, offering energy security and decarbonisation opportunities.

Key ambitions are to deliver:
- strong cash flow and returns, with an expected average annual cash flow from operations after tax of around USD 20 billion and return on average capital employed* (ROACE) of above 15% towards 2030[1].
- a 50% reduction of net group-wide greenhouse gas emissions by 2030.

Based on an increasingly flexible asset portfolio, and continued volatility in the markets, the adjusted earnings guidance for the MMP segment is increased from USD 250-500 to 400-800 million per quarter.

Strong cash flow with longevity within oil and gas
Equinor will continue to invest and optimise its competitive oil and gas project portfolio to maintain a long-term reliable energy supply with low emissions from production. The portfolio of oil and gas projects coming on stream within 10 years has an average break-even price of around USD 35 per barrel, an internal rate of return of around 30%, an average pay-back time of about 2.5 years and an upstream CO_2-intensity of below 6 kg per boe. Together with the producing assets, this is expected to generate a strong cashflow with longevity. Equinor will continue to develop NCS as home ground and optimise in other core areas internationally.

Profitable and disciplined growth in renewables
With the first power from the world's largest floating wind farm Hywind Tampen in 2022 and the world's largest offshore wind farm, Dogger Bank in the UK, to start production in 2023, Equinor is demonstrating leadership within offshore wind. The portfolio of projects within renewables and acreage is progressing well towards the ambition of 12-16 GW of installed capacity accessed by 2030. The strategy remains focused on profitable growth, demonstrating discipline and capturing value through market cycles. Equinor expects project base returns of 4-8 %.

Solid progress within low carbon solutions
In 2022, Equinor was awarded the Smeaheia CO_2 licence on the NCS and had in total accessed storage capacity of 30 million tonnes CO2 per year with current equity. Equinor is well positioned as the CO_2 transport and storage market develops, and policies for low carbon projects progresses. Several projects with industrial partners are in maturation, and Equinor is progressing on its ambitions to offer decarbonisation to industrial customers. The combined portfolio of projects for CO_2 storage, hydrogen, energy storage and natural gas, provides flexibility and optionality, as well as a broad energy offering to industrial customers.

Updated outlook:
- Equinor expects organic capex* of USD 10-11 billion in 2023, and an annual average of around USD 13 billion for 2024-2026[2].
- In 2023 Equinor expects a production growth of around 3% in oil and gas, compared to 2022.

[1] Based on Brent blend 70 USD/bbl, Henry Hub 3.5 USD/mmbtu and European gas price 2023: 20 USD/mmbtu, 2024: 20 USD/mmbtu, 2025: 15 USD/mmbtu and 2026 onwards: 9 USD/mmbtu.
[2] USD/NOK exchange rate assumption of 10.

GROUP REVIEW

Q4 2022	Quarters Q3 2022	Q4 2021	Change Q4 on Q4	Financial information (unaudited, in USD million)	Full year 2022	2021	Change
34,321	43,633	32,608	5%	**Total revenues and other income**	**150,806**	90,924	66%
33,546	43,337	31,836	5%	Adjusted total revenues and other income*	**149,910**	89,088	68%
(17,737)	(17,531)	(19,030)	(7%)	**Total operating expenses**	**(71,995)**	(57,261)	26%
(12,781)	(13,969)	(11,201)	14%	Adjusted purchases* [5]	**(54,415)**	(34,930)	56%
(3,032)	(2,657)	(2,465)	23%	Adjusted operating and administrative expenses*	**(10,530)**	(9,389)	12%
(2,279)	(2,118)	(2,979)	(24%)	Adjusted depreciation, amortisation and net impairments*	**(8,879)**	(10,431)	(15%)
(396)	(292)	(202)	96%	Adjusted exploration expenses*	**(1,146)**	(852)	35%
16,584	26,103	13,578	22%	**Net operating income/(loss)**	**78,811**	33,663	>100%
15,059	24,301	14,989	0%	Adjusted earnings*	**74,940**	33,486	>100%
2,376	2,053	2,225	7%	**Capital expenditures and Investments**	**8,758**	8,040	9%
4,267	6,578	8,151	(48%)	**Cash flows provided by operating activities**	**35,136**	28,816	22%

Q4 2022	Quarters Q3 2022	Q4 2021	Change Q4 on Q4	Operational information	Full year 2022	2021	Change
2,046	2,021	2,158	(5%)	Total equity liquid and gas production (mboe/day)	**2,039**	2,079	(2%)
1,919	1,885	2,012	(5%)	Total entitlement liquid and gas production (mboe/day)	**1,901**	1,931	(2%)
1,332	491	526	>100%	**Total Power generation (GWh) Equinor share**	**2,661**	1,562	70%
517	294	526	(2%)	Renewable power generation (GWh) Equinor share	**1,649**	1,562	6%
88.7	100.9	79.7	11%	Average Brent oil price (USD/bbl)	**101.2**	70.7	43%
80.4	92.9	75.9	6%	Group average liquids price (USD/bbl)	**94.1**	66.3	42%
27.22	42.34	28.52	(5%)	E&P Norway average internal gas price (USD/mmbtu)	**31.22**	14.43	>100%
4.73	7.01	4.84	(2%)	E&P USA average internal gas price (USD/mmbtu)	**5.55**	2.89	92%

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

Operations
Equinor´s global operations continued to deliver reliable and stable production levels.

Strong contributions from Peregrino 1 and 2 in Brazil and Snøhvit on the NCS coming onstream in the year, benefitted production volumes in the fourth quarter 2022 compared to the same period in the prior year. Despite these increases, Equinor´s exit from Russia earlier in 2022 coupled with fourth quarter 2022 turnaround activity in the US and partial divestment in the Martin Linge field on the NCS resulted in reduced production levels for the quarter and full year 2022 compared to the prior year.

Gas production has increased in response to the energy security crisis in Europe. E&P Norway full year gas production increased by 8% and liquids production declined by 6% compared to 2021.

Elevated prices and optimised product split have balanced the reduced production levels. The overall context of 2022 was marked by realisation of significantly higher prices which is responsible for the significant increase in results for the full year 2022 relative to 2021.

Strong gas and power sales, trading results, high clean spark spread and refining margins underpinned a successful quarter for the Marketing, Midstream and Processing segment. The negative reported result for the segment was due to significant negative mark to market effects from derivatives used to price manage gas sales contracts and future LNG deliveries outweighing an otherwise strong result in the fourth quarter of 2022.

Restart of Peregrino, increased well maintenance costs coupled with higher energy and environmental costs contributed to the increase in upstream operating and administrative expenditure. The effects of these cost increases are dampened by the currency impact of strengthened USD relative to the NOK.

Net impairment reversals of USD 1,094 million in the quarter and USD 2,429 million for the full year 2022, relative to net impairment charges reported in the corresponding periods of 2021, contributed to the increased net operating income.

Taxes
The reported effective tax rate was 45.4% for the fourth quarter of 2022 (74.3% for the fourth quarter of 2021) and 63.4% for the full year 2022 (72.8% for the full year 2021).

After a history of significant losses, Equinor are now recording profits in the US. Projected future taxable income demonstrate that it is probable that the unused tax losses carried forward could be utilised in the near future. The tax value of the unused accumulated losses has been recognised as a deferred tax asset of USD 2.7 billion in the fourth quarter, with a corresponding decrease in income taxes of USD 2.8 billion resulting in a low reported effective tax rate this quarter compared to last year. The effective tax rate for the fourth quarter also decreased due to losses on derivatives related to gas sales from the NCS in the MMP segment.

The effective tax rate on adjusted earnings* of 61.5% for the fourth quarter of 2022 and 69.7% for the full year decreased compared to 70.7% and 70.0% in 2021 due to lower share of NCS earnings, partially offset by lower effect of uplift deduction.

Cash flow, net debt and capital distribution
Due to strong financial results primarily driven by high commodity prices, cash flow provided by operating activities before taxes paid and working capital items improved by USD 3,000 million to USD 20,988 million from the fourth quarter of 2021 and by USD 41,658 million to USD 83,608 million from the full year 2021.

Working capital increased by USD 2,532 million in the fourth quarter (USD 3,180 million in the fourth quarter 2021) and by USD 4,616 million for the full year 2022 (USD 4,546 million in 2021).

Taxes of USD 14,188 million, paid in the fourth quarter of 2022, continue to reflect the increased NCS earnings for the year relative to the prior year. Two instalments of Norwegian corporation tax were paid in the quarter, totalling USD 13.6 billion (NOK 140 billion). NCS tax instalments totalling NOK 162 billion are expected to be paid in the first half of 2023.

Despite the significant increase of USD 35,268 million in tax and USD 6,577 million shareholder distribution payments for the year, a robust free cash flow* of USD 23,388 million compared to USD 24,984 million for 2021 was achieved.

An increase in short term financial investments, reduction in collaterals and a strengthening of equity during the fourth quarter 2022 caused a decrease in the adjusted net debt to capital employed ratio* from negative 19.1% at the end of September 2022 to negative 23.9% at the end of 2022.

The board of directors proposes to the annual general meeting an ordinary cash dividend of USD 0.30 per share for the fourth quarter of 2022, up from USD 0.20 per share for the third quarter of 2022. The board has decided to continue the share buy-back programme of USD 1.2 billion per year, introduced in 2021 as an integrated part of capital distribution.

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OUTLOOK

- **Organic capital expenditures*** are estimated at USD 10-11 billion for 2023, and at an annual average of around USD 13 billion for 2024-2026[3].
- **Production** for 2023 is estimated to be around 3% above 2022 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 45 mboe per day for the full year of 2023.

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 and operational regularity and levels of industry product supply, demand and pricing 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.

References

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

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[3] USD/NOK exchange rate assumption of 10.