

Invitation to consensus 4Q 2020

Before the publication of the **Equinor 4Q results on 10 February 2021**, we invite you to provide your input to the analyst consensus estimates by filling in the attached spreadsheet and resend to Equinor IR. Consensus will be established around the following items:

- Adjusted earnings per reporting segment and tax on adjusted earnings per segment
- Adjusted exploration expense for EPN, EPI and EPUSA
- Equity production (split between liquids and gas, NCS, US and international fields)
- Impact from PSA and US royalty barrels (to reach your estimated entitlement production)
- Liquids price in the quarter (separate lines for EPN, EPI, EPUSA), see below for estimated prices per segment

We invite you to provide tax on adjusted earnings per reporting segment, so that total tax on adjusted earnings will just be a formula adding the individual tax amounts from EPN, EPI, EPUSA, MMP and Other. We also remind you that the result for Financials is not included in the adjusted numbers and we will therefore ask you **NOT** to consider this in the input above.

For your convenience, we hereby remind you of some factors relevant for our 4Q results as well as other information that might be useful. Some of these items are preliminary and could change as we get more information before the release of results:

E&P Norway:

- Estimated realised liquids price for E&P Norway segment in 4Q in the range of 41 to 43USD/bbl
- No production from Snøhvit in the 4Q due to the fire at Melkøya
- Marginal impact of production curtailment in Q4 2020
- We remind you that Equinor has the option to use flexibility in gas production and move gas volumes out in time to capture higher value – impact of this is low in 4Q 2020 (Troll and Oseberg high gas production levels during Q4)
- Five planned turnarounds in 4Q; Snorre A, Troll B, Gullfaks A, Gullfaks B and Visund. The expected impact of the turnarounds is ~65 kboe/d in Q4, which is higher than Q4 previous years.
- We remind you that the assets on the NCS have NOK as functional currency, i.e. the accounts are recorded in NOK. Currency movements will hence impact depreciation (assets to be depreciated are recorded in NOK) as this is translated into USD as the reporting currency. Impact of FX also on OPEX, as a significant share of the OPEX base has NOK exposure. The NOK has strengthened from lows earlier this year, with the effect of increasing cost levels reported in USD
- We expect a stable level for depreciation in underlying currency per barrel in 2020 compared to 2019
- The Norwegian Petroleum Directorate publishes monthly production figures, normally issued 10-15 days into a month, giving preliminary figures for the previous month and more detailed information for earlier months. Data from NPD per field can be found [here](#). Equinor is not responsible for any NPD data, but you may find the data convenient. Historically, monthly production data for NCS has correlated well with Equinor production.

E&P International:

- Estimated realised liquids price for E&P International segment in 4Q in the range of 41 to 43 USD/bbl
- Higher equity production level in 4Q compared to previous quarter mainly due higher gas nomination, and higher production on Mariner due to new wells, partially offset by natural decline. The proportion of gas was higher than previous quarter and normally the gas has a lower NOI contribution than oil.
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- Note that one cargo was lifted from Agbami in Q4, lifted in December
- The Peregrino field in Brazil is still shut down due to the riser rupture and repairs are expected to be finalized in 1Q 2021, when the production at Peregrino main will resume. Estimated cost of repairs are around 60mn USD (Equinor share) and the majority of this will be classified as OPEX, impacting 4Q 2020 and 1Q 2021 results
- DDA expected to be somewhat higher than last quarter, and operating expenses will include impact of higher maintenance activities.
- Additional one-off exploration charges are expected to be \$250m to \$275m in 4Q,

E&P USA:

- Estimated realised liquids price for the E&P USA segment in 4Q in the range of 33 to 35 USD/bbl
- Lower equity production level in 4Q compared to 3Q 2020, impacted by hurricanes and planned turnarounds, partially offset by increase in US onshore (APB). As presented earlier this year, Equinor has reduced activity onshore US, impacting production in the fourth quarter
- Gas/liquid ratio: Slight increase gas/liquids share compared to 3Q 2020 due to increased production from APB and lower production from Bakken/GoM

MMP:

- Average Brent for the quarter was 44.2 USD/bbl, price increase of 2.8% compared to last quarter.
- Our refineries are continuing to be exposed to weaker refinery margins.
- Equinor is selling mostly spot based gas sales. The preliminary internal gas transfer price for 4Q has been published on our [web page](#) (also see our web page for historical prices)
- Hammerfest LNG (Melkøya/Snøhvit) has been shut down since 28 September 2020.
- Tjeldbergodden methanol plant has been shut down since 2 December 2020
- Investors should expect adjusted result to be at the low end of normal guidance range of \$250-500m per quarter, due to the weak refining margins, shutdowns of Hammerfest LNG and Tjeldbergodden methanol plants, and more moderate trading results than seen in some previous quarters.

Exploration:

- Equinor had activity in 20 wells in 4Q20, 7 on NCS and 13 outside Norway. 8 wells were completed, 4 on NCS and 4 outside Norway.
- Results of exploration wells in Norway are always announced by NPD and you will also find information on our web pages regarding discoveries.
- We estimate that over time, roughly 3/4 of exploration expenditure is expensed. The results for each individual quarter will however depend upon the outcome of the wells finalised as well as our share of the cost. In addition, expensed exploration depends upon results from wells from previous quarter(s). Well costs are activated (capitalised) as they are being drilled. In the event of a negative result, the entire cost will be expensed in the quarter when the well is completed. Note that our capex guiding includes an estimate for capitalised exploration.
- In addition, there are other costs like seismic acquisition, early phase development etc. that will hit the exploration expense cost line.

Effective tax rate:

- Under the new tax regime in Norway, the range going forward can be expected to be lower in the near term, and more volatile (due to the higher effect of the uplift of 24% in one year). Indicative tax range for EPN: 50-75%
- Indicative tax range for EPI: 30-45%
- Indicative tax range EPUSA: 0% (short term)
- Indicative tax range MMP: 40-60%

Cash flow movements:

Cash Flow is not part of Equinor consensus. For your convenience we will nevertheless remind you of some movements (not a comprehensive list):

- CO2 tax of USD 80 million
- NCS petroleum taxes of USD 380 million (NOK 3.4bn)
- Dividend payment of 290 million (0.09 cents per share)
- Bond redemption of USD 750 million
- Payment to Rosneft of around USD 550 million in relation to 49% interest in KrasGeoNac(KGN)
- We received USD 500 million as deposit relating to the announced \$1.1bn payment relating to the establishment of joint venture in US Offshore Wind
- Dogger Bank A and B repayment of shareholder loan following project financing of USD 243 million (GBP 182.5 million).

Next quarter (conditional):

- Remaining payment relating to the establishment of joint venture in US offshore wind
- Dividend payment for 3Q 2020 of USD 360 million (0.11 cents per share)
- Dogger Bank farm-down to ENI USD 271 million (GBP 202.5 million)
- Bond redemption of USD 1.4 billion

Changes to Accounting Policies:

No changes to accounting policies in 4Q

Other information:

- Follow [this link](#) for reports, web-cast, presentations, and transcripts from previous quarters.
- The annual report and 20-F for 2019 contain relevant information in order to understand our business, reporting and numbers and can be found here: [Annual reports](#).
- For more information please visit our [web-page](#). You may find useful historic information under the heading "[Information for analysts](#)"

Guiding:

- Organic capital expenditures for 2020 (i.e. excluding acquisitions, capital leases and other investments with significant different cashflow pattern) are estimated at around USD 8.5 billion
- Guidance of a total exploration activity level of around USD 1.1 billion for 2020, excluding signature bonuses and early phase development.
- For the period 2019 – 2026, production growth is expected to come from new projects resulting in around 3% CAGR.
- Scheduled turnaround activity is estimated to impact equity production by around 30 mboe per day for the full year of 2020.
- The guiding of the financial result, excluding FX and derivatives, is around minus USD 150-200 million (assuming an approximately normal result for the financial investments). As stated above, "Financials" is not part of consensus and not part of the «adjusted numbers» Equinor presents

The 4Q results will be reported 10 February at 07:00 CET.

Please send the excel sheet with your consensus contribution to Lars Valdresbråten (lava@equinor.com) and Ida Marie Fjellheim (idfj@equinor.com) **by eob 27 January.**

Note that we have a "quiet period" last two weeks before release with no/minimum interaction with analysts and investors.

We will make the aggregated, average consensus numbers available through our web-page and notify by e-mail once they are out.

Thank you very much for your contribution.

Kind regards,