Publication of the **Equinor 2Q results** on **25 July 2019**.

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 and EPI
- Equity production (split between liquids and gas, NCS and from international fields)
- Impact from PSA and US royalty barrels (to reach your estimated entitlement production)
- Liquids price in the quarter (separate lines for EPN and EPI)

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, 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 2Q 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

- Typically, NCS production in Q2 (like Q3) is seasonally below Q1 and Q4 numbers due to more gas production in the heating months and regular maintenance during the summer months. There has been no indication that this seasonal trend has been altered this year.
- 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 (download possible; for English language click top corner on the right). 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.
- Scheduled turnaround activity **(E&P Norway and E&P International)** is estimated to reduce quarterly production by approximately 60 mboe per day, mostly impacting liquids production.
- Aasta Hansteen has reached plateau earlier this year. This, in addition to turnaround and production permits, will imply a higher gas share of the production mix compared to 2Q18.
- Some operational challenges impacted production negatively in the quarter (Snorre B, Åsgard, Oseberg).
- For liquids we have observed wider price differentials to Brent Blend than normal.
- The NGL-share of liquids production is expected to be in the upper end of a normal range (about 18-24%).

- We remind you that the observed day-ahead spot prices for gas do not necessarily reflect realised gas prices for Equinor as Equinor will also sell gas related to other reference prices with longer time horizons. In the future, Equinor is moving towards more spot based gas sales. However as this is a gradual transition the portfolio will continue to have some sales with longer dated indices for the remainder of 2019.
- We remind you that the assets on NCS Norway 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.
- We expect depreciation in underlying currency per barrel in 2019, on average, to be below the level in 2018.

E&P International:

- Scheduled turnaround activity **(E&P Norway and E&P International**) is estimated to reduce quarterly production by approximately 60 mboe per day, mostly impacting liquids production.
- We remind you that there is flexibility in our US gas production and production can thus react to market signals (weaker gas prices).

MMP

- The preliminary internal gas transfer price for Q2 will be published on our web page early July (also see our web page for historical prices).
- The Mongstad refinery is exposed to the negative development in refinery margins. This primarily due to weaker gasoline market this quarter as well as changes in feedstock prices due to IMO effects.
- Gas storage inventory is under IFRS valued at the lowest of cost and current market and the expected realized value of the winter price can therefore not be used for the accounting result. With declining prompt market and quite stable prices for the winter a significant negative timing effect due to the accounting methodology should therefore be expected for Q2 2019.
- We remind you that US gas trading contribution to MMP normally is zero or negative in Q2/Q3 due to local prices versus sale prices in relevant markets during summer months. For Q2 the sale prices have been particularily low relative to the production area and the spread has not covered the fixed transportation cost.
- Given normal volume and trading conditions the adjusted result for MMP has been in the range USD 250-500 million/quarter, traditionally higher end during winter and lower end during summer

Exploration

- Equinor had activity in 22 wells in 2Q19, 9 on NCS and 13 outside Norway (DPI). 10 wells were completed, 5 in Norway and 5 in DPI. 3 of the wells, 1 on NCS and 2 in DPI, was expensed in 1Q.

- 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.
- Equinor was awarded 5 licenses, 4 as operator, in the 31st Offshore licensing round in UK, and 7, 5 as operator, in the 1st Offshore Licensing round in Argentina.

Effective tax rate

- Indicative tax range for EPN: 72-74%
- Indicative tax range for EPI: 30-45%
- 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):

- Two tax instalments (Norway) each of about NOK 10.5 billion
- CO2 taxes in Norway of about USD 100 million was paid
- Dividend payment of USD 865 million for 4Q18 was paid in 2Q19
- Various asset transactions/payments is expected to result in net payments of about USD 240 million

Next quarter (conditional):

- One tax instalment (Norway)
- CO2 taxes in Norway of about USD 100 million to be paid
- Dividend payment of USD 865 million
- Various asset transactions/payments is expected to result in net payments of about USD 870 million (mostly Caesar Tonga)
- Bond redemption of USD 500 million

Changes to Accounting Policies

No changes are expected to the accounting principles, nor the presentation of the results.

Other information:

- Follow this link for reports, web-cast, presentations, and transcripts from previous quarters.
- The annual report and 20-F for 2018 was published 15 March. The reports do contain relevant information in order to understand our business, reporting and numbers and can be found here: Annual reports.

Guiding:

- Production for 2019 is estimated to be around the 2018 level
- Organic capital expenditures for 2019 (i.e. excluding acquisitions, capital leases and other investments with significant different cashflow pattern) are estimated at around USD 11 billion
- Guidance of a total exploration activity level of around USD 1.7 billion for 2019, excluding signature bonuses.
- For the period 2019 – 2025, production growth is expected to come from new projects resulting in around 3% CAGR.
- Scheduled turnaround activity is estimated to reduce quarterly production by approximately 60 mboe per day in the second quarter of 2019. In total, maintenance is estimated to reduce equity production by around 40 mboe per day for the full year of 2019.
- 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 Q2 results will be reported 25 July at 07:00 CET.

For more information please visit our web-page. You may find useful historic information under the heading “Information for analysts”

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