IR Gas Market Update

19 February 2021
Forward-looking statements

This presentation contains certain forward-looking statements that involve risks and uncertainties. In some cases, we use words such as “ambition”, “continue”, “could”, “estimate”, “intend”, “expect”, “believe”, “likely”, “may”, “outlook”, “plan”, “strategy”, “will”, “guidance”, “targets”, and similar expressions to identify forward-looking statements. Forward-looking statements include all statements other than statements of historical fact, including, among others, statements regarding Equinor’s plans, intentions, aims, ambitions and expectations, including with respect to the Covid-19 pandemic; its impacts, consequences and risks; Equinor’s response to the Covid-19 pandemic; including measures to protect people, operations and value creation, operating costs and assumptions; the commitment to develop as a broad energy company; the ambition to be a net-zero energy company by 2050, future financial performance, including cash flow and liquidity, accounting policies, production cuts, including their impact on the level and timing of Equinor’s production; plans to develop fields; the climate action plan announced by the Norwegian government; market outlook and future economic projections and assumptions, including commodity price assumptions; organic capital expenditures through 2022; intention to optimise and mature its portfolio; estimates regarding exploration activity levels; ambition to keep unit of production cost in the top quartile of its peer group; scheduled maintenance activity and the effects on equity production thereof; completion and results of acquisitions and disposals; expected amount and timing of dividend payments; and provisions and contingent liabilities. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons.

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. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including levels of industry product supply, demand and pricing, in particular in light of recent significant oil price volatility triggered, among other things, by the changing dynamic among OPEC+ members and the uncertainty regarding demand created by the Covid-19 pandemic; the impact of Covid-19 levels and calculations of reserves and material differences from reserves estimates; unsuccessful drilling; operational problems; health, safety and environmental risks; natural disasters, adverse weather conditions, climate change, and other changes to business conditions; the effects of climate change; regulations on hydraulic fracturing; security breaches, including breaches of our digital infrastructure (cybersecurity), ineffectiveness of crisis management systems, the actions of counterparties and competitors; the development and use of new technology, particularly in the renewable energy sector; inability to meet strategic objectives; the difficulties involving transportation infrastructure, political and social stability and economic growth in relevant areas of the world; an inability to attract and retain personnel; inadequate insurance coverage; changes or uncertainty in or non-compliance with laws and governmental regulations; the actions of the Norwegian state as majority shareholder; failure to meet our ethical and social standards; the political and economic policies of Norway and other oil-producing countries; non-compliance with international trade sanctions; the actions of field partners; adverse changes in tax regimes; exchange rate and interest rate fluctuations, factors relating to trading, supply and financial risk, general economic conditions; and other factors discussed elsewhere in this report. Additional information, including information on factors that may affect Equinor’s business, is contained in Equinor’s Annual Report on Form 20-F for the year ended December 31, 2019, filed with the U.S. Securities and Exchange Commission (including section 2.11 Risk review - Risk factors thereof). Equinor’s 2019 Annual Report and Form 20-F is available at Equinor’s website www.equinor.com. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we nor any other person assume responsibility for the accuracy and completeness of these forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any of these statements after the date of this report, whether to make them either conform to actual results or changes in our expectations or otherwise.

We use certain terms in this document, such as “resource” and “resources” that the SEC’s rules prohibit us from including in our filings with the SEC. U.S. investors are urged to closely consider the disclosures in our Form 20-F, SEC File No. 1-15200. This form is available on our website or by calling 1-800-SEC-0330 or logging on to www.sec.gov.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this report, either to make them conform to actual results or changes in our expectations.
Marketing, Midstream and Processing

Helge Haugane
Senior Vice President, Gas and Power
MMP organisation and 2020 full year result

EVP MMP
Irene Rummelhoff

Onshore Plants
Grete B. Haaland

Gas and Power
Helge Haugane

Crude, Products and Liquids
Molly Morris

Global Macro and Markets
Erik Waerness

Low Carbon Solutions
Grete Tveit

New Value Chains
Tor Martin Anfinnson

DISC
Ann-Elisabeth Serck-Hanssen

MMP 2020 adjusted earnings
Million USD

-500
0
500
1000
1500
Gas
Liquids
Other
We said at our last gas seminar volatility was expected to be high...

- Volatility is expected to stay high.
- Implies significant variations between markets.
- Demand for gas as a flexible backup will increase.
- Value creation in such markets requires quick adjustments and more active portfolio management.
- Towards 2020 a higher proportion of volumes will be sold on short term indices.

Sources: ICIS
Key drivers for future volatility in the gas market

North West Europe gas demand
NWE gas demand mcm/d

Renewable penetration in European power mix
European power generation Reform (TWh)

Storage capacity in growth markets
% gas storage capacity vs total demand

Postponements of liquefaction FIDs
Liquefaction FIDs in BCM

Sources: TSO’s, Platts, IHS, EQNR MA
Volatility - a good thing for our gas trading!
The Asset Backed Trading strategy

**We have**

OPTIONALITY in our gas system from Field to Hub

**We do**

OPTIMISATION of flows and bookings against markets

HEDGING of opportunities on Forward spreads

**We keep doing**

RE-OPTIMISATION and CHURNING of forward Hedges when markets change

**EXAMPLE:**
High volatility of NBP/TTF spread during Jan21

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Graph showing volatility of NBP/TTF spread during Jan21.
There is no contradiction in believing in massive renewable growth and a good future for gas...

It is more likely a prerequisite to believe in both...
Macro developments and long-term gas markets

Eirik Waerness
Senior Vice President, Global Macro and Markets
Health crisis and economic collapse take their toll on oil and gas markets

As the Covid-19 virus subsides, activity and demand will ramp up again

**The global economy, oil and gas demand**

*Annual indices, 2019=100*

- Largest global economic downturn since the 1930s
- Oil market has been hardest hit, also significant drop in gas demand
- Covid-19 still a drag on economies, however, given health improvements, a recovery is expected
- But: Unsynchronized and dependent upon policy support
- Oil demand expected to reach pre-crisis level late 2022
- Global gas demand recovers quicker, but Europe to lag
- Downside risks dominate; a possible worse Covid-19 development, prolonged lockdowns and financial stress
- Disciplined Opec+ supply management needed, gas markets more temperature driven

Source: Oxford Economics, IEA, PIRA, IHS Markit, Equinor (projections)
Global climate signals have become more visible throughout 2020

- China: 2060 net-zero target
- Japan and South Korea: 2050 net-zero targets
- Canada: 2050 net-zero target
- EU and UK: more ambitious emission reduction targets for 2030 (-55% and -68%, respectively)
- US: re-entered the Paris Agreement early 2021

Dynamics supporting gas demand:

- Coal to gas switching
- Carbon Capture, Storage and Utilization
- Blue Hydrogen
Multiple long-term outcomes – in term of growth, energy demand and mix

There is an energy transition in all scenarios, but only in Rebalance is it fast enough – decarbonized electrification is key to the development

Global GDP
Indexed to 100 in 2018, constant USD

World primary energy demand
Billion toe

Electricity generation
Thousand TWh

Source: IEA, Equinor
Gas is a flexible fuel used in different sectors, with tough competition

40% of gas demand from the power and heat sector. Replacing coal with gas in power and heat would increase gas demand by ~75%

Gas demand in 2018
Gas demand was 3,900 bcm, with 1,600 bcm going to power & heat

Power & Heat fuel mix
Gas is 24% of the fuel supply for the power and heat sector

Source: IEA
In EU28, gas is important both in buildings and in power & heat

30% of gas demand from the power and heat sector. Replacing coal with gas in power and heat would increase gas demand by ~10%.

**EU gas demand in 2018**
Gas demand was 475 bcm, with 142 bcm going to power & heat

**EU power & heat fuel mix**
Gas is 18% of the fuel supply for the power and heat sector

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Source: IEA
Natural gas demand – divergence beyond the 2020s
China and India key regions in Rebalance, balancing demand decline in industrialized countries – gas supports coal phase-out in electricity

Change in gas demand by scenario, 2018-2050

Change in EU gas demand by scenario, 2018-2050

Δ Gas demand Rebalance 2020-2050:

EU: -310 bcm
China+India: + 430 bcm

Source: IEA, Equinor
Is there a case for new gas resources?

Gas resources highly dependent on location and market accessibility – prices will impact development

Gas demand and supply from existing fields

- **Demand range**
- **Cumulative supply gap >62 Tcm**
- **Legacy supply**

Global remaining gas resources and total cumulative demand

- **BP resources**
- **Woodmac resources**
- **Cumulative demand**

Source: IEA, Equinor

Source: BP, Wood Mackenzie, Equinor
Short- and medium-term gas markets

Anna Balina
Principal analyst, MMP
European gas demand dropped 4% in 2020

European gas demand expected to gradually recover during 2021

Source EP20 TSO’s EQNR MA analysis
Europe played a crucial role in balancing the global gas market during 2020. Reduction of both pipeline and LNG import, however, they played differently throughout the year.

Source: IHS, Platts, EQNR MA

**European import 2020 vs 2019**

**European Gas Storage**

**European Supply**

- **Indigenous production**
- **NCS**
- **North Africa (pipeline)**
- **Other pipeline**
- **North America (pipeline)**
- **LNG**

- **5Yr Range**
- **GY 2019**
- **GY 2020**
- **Average**
- **Capacity**
Asia in the driver`s seat when it comes to LNG import, US leads LNG export growth

Covid-related market uncertainty puts LNG supply investment on hold

Source: IHS, EQRNR MA
Gas demand in Asia projected to rebound and increase in 2021
China and India will lead gas demand growth

Source: IEA, IHS, EQMR MA

Gas demand - Asian countries

- **Coal**: 57%
- **Oil**: 20%
- **Natural gas**: 8%
- **Nuclear**: 2%
- **Hydro**: 8%

**Current gas demand**: ~326 Bcm
**2025 consultancy range gas demand**: 400 – 460 Bcm
**Import dependency gas 2020**: 43%

China: TPED by fuel (2019)

- **Oil**: 20%
- **Hydro**: 8%
- **Natural gas**: 8%
- **Nuclear**: 2%

**Current gas demand**: ~58 Bcm
**2025 consultancy range gas demand**: 60 – 100 Bcm
**Import dependency gas 2020**: 65%
As prices continue to improve, US gas production return to growth in late 2021
Incremental growth in supply will push LNG exports higher

Source: WoodMac IHS, PIRA, EQNR MA
Global Gas Prices in 2020: historical lows, steep recovery and high volatility...

*Gas prices expected to recover in 2021, but strong supply will continue to keep pressure on prices*
# Investor Relations in Equinor

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<tbody>
<tr>
<td>Peter Hutton</td>
<td>Senior Vice President</td>
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<td>Lars Valdresbråten</td>
<td>IR Officer</td>
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<td>Erik Gonder</td>
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<td>Fan Gao</td>
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<td>Dennis Arthur</td>
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<td>Anne Sofie Dahle</td>
<td>Senior Consultant</td>
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<tr>
<td>Helge Hove Haldorsen</td>
<td>Vice President</td>
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