Press release

30 October 2013

2013 THIRD QUARTER RESULTS

Statoil's third quarter 2013 net operating income was NOK 39.3 billion. Adjusted earnings were NOK 40.4 billion.

"Statoil delivered strong strategic progress in the third quarter. We added high-value barrels through the Bay du Nord discovery offshore Canada, the world's largest oil discovery this year. We also announced a major divestment to capture value created through asset development and unlock capital for investment in high return projects. Our operational performance is good and we delivered solid earnings in the period," says Helge Lund, Statoil's president and CEO.

Statoil's net operating income of NOK 39.3 billion in the third quarter was positively impacted by gain from sale of assets. Refinery impairments and commercial provisions impacted the financial result negatively. The adjusted earnings [5] were NOK 40.4 billion, which is in line with the same period last year.

The decrease in net income in the first nine months of 2013 is primarily explained by expected, lower production and reduced prices. Non-recurring items, related tax effects and higher gain from sale of assets last year, contributed to the decrease.

"We are producing as planned, and maintain our production guidance for 2013. Our activity level is high. We are progressing our projects according to plan, with good cost control and capital discipline," says Lund.

Statoil increased equity production by 2% compared to the third quarter of 2012. Production grew by around 6%, taking into account the effects of divestments and redetermination on the Norwegian continental shelf. The company produced as expected in Norway, impacted by start-up and ramp-up, maintenance, divestments and redetermination. Outside Norway, Statoil increased production by 13% to a record 728 mboe per day, mainly due to ramp-up in US onshore, Angola and Brazil.

New discoveries added significant new resources in the third quarter. Statoil announced a new high-impact discovery offshore Canada, marking the company's third discovery in the Flemish Pass basin. Statoil now expects to complete around 60 exploration wells in 2013 and an activity level of around USD 3.75 billion in exploration for the year as a whole.

Statoil continued delivering on its strategy of active portfolio management. In September, the company announced a USD 2.65 billion divestment of assets on the Norwegian and UK continental shelves. Through this transaction, Statoil expects to realise significant gains, reduces future investment exposure by around USD 7 billion and demonstrates the underlying value of the company's portfolio.

Cash flows from underlying operations remain strong, and Statoil has strengthened its financial position in the period. The company reduced its net debt to capital employed from 21% in the second quarter to 17% at the end of the third quarter.

The quarter in brief

Statoil's net operating income was NOK 39.3 billion compared to NOK 40.9 billion in the third quarter of 2012.

Adjusted earnings [5] were NOK 40.4 billion, compared to NOK 40.0 billion in the third quarter of 2012.

Adjusted earnings after tax [5] were NOK 12.1 billion, compared to NOK 11.9 billion in the third quarter of 2012.

Net income was NOK 13.7 billion compared to NOK 14.5 billion in the third quarter of 2012.

	Third quarter 2013	2012	change	First nine months 2013	2012	change	Full year 2012
Net operating income (NOK billion)	39.3	40.9	(4%)	111.6	160.8	(31%)	206.6
Adjusted earnings (NOK billion) [5]	40.4	40.0	1%	120.8	144.9	(17%)	193.2
Adjusted earnings after tax (NOK billion) [5]	12.1	11.9	2%	35.4	40.1	(12%)	55.1
Net income (NOK billion)	13.7	14.5	(6%)	24.5	56.5	(57%)	69.5
Basic earnings per share (NOK)	4.48	4.52	(1%)	7.88	17.58	(55%)	21.66
Average liquids price (NOK/bbl) [1]	617	591	4%	581	609	(5%)	602
Average invoiced gas prices (NOK/scm) [8]	1.97	2.16	(9%)	1.99	2.22	(10%)	2.19
Equity production (mboe per day)	1,852	1,811	2%	1,939	1,994	(3%)	2,004
Serious incident frequency (SIF)	0.8	0.8		0.8	1.0		1.0

Key events since second quarter 2013:

- Continued active portfolio management, demonstrated by the USD 2.65 billion transaction with OMV to capture value and focus portfolios on the Norwegian and UK continental shelves, and the completion of the previously announced USD 1.45 billion Wintershall transaction on the Norwegian continental shelf.
- Continued strong exploration results, through a high impact oil discovery in the Flemish Pass basin offshore Canada and several new discoveries on the Norwegian continental shelf. Statoil is a partner in the OMV-operated Wisting Central oil discovery in the Hoop area. Statoil also announced an oil discovery near Norne and a gas/condensate discovery north of Åsgard in the period.
- Further strengthening the financial flexibility through the execution of debt capital market transactions of USD 3.4 billion on competitive terms.
- The investigation report on the In Amenas terrorist attack was published on 12 September. Statoil will ensure that the recommendations are integrated and prioritised as part of the initiated improvement programme in the security area.
- Impairment losses related to the Mongstad and Kalundborg refineries of NOK 4.2 billion due to lower margins and challenging outlook.
- The Norwegian government announced in September that the full-scale carbon capture project at Mongstad (CCM) will be terminated. Statoil is now commencing work in order to ensure a smooth project conclusion.

OPERATIONAL REVIEW

Equity production was slightly up in the third quarter of 2013 despite expected natural decline, divestments and redeterminations on the NCS. The growth is due to start-up and ramp-up of several fields. The international business delivered record production and the overall activity level was high, with project execution according to plan.

	Third quarter			First nine months			Full year
Operational data	2013	2012	change	2013	2012	change	2012
Average liquids price (USD/bbl)	102.9	99.9	3%	99.9	103.7	(4%)	103.5
USDNOK average daily exchange rate	5.99	5.91	1%	5.82	5.87	(1%)	5.82
USDNOK period-end exchange rate	6.01	5.70	5%	6.01	5.70	5%	5.57
Average liquids price (NOK/bbl) [1]	617	591	4%	581	609	(5%)	602
Average invoiced gas prices (NOK/scm) [8]	1.97	2.16	(9%)	1.99	2.22	(10%)	2.19
Refining reference margin (USD/bbl) [2]	3.8	7.9	(52%)	4.9	5.7	(14%)	5.5
Production (mboe per day)							
Entitlement liquids production	981	894	10%	972	970	0%	966
Entitlement gas production	706	730	(3%)	781	823	(5%)	839
Total entitlement liquids and gas production [3]	1,687	1,624	4%	1,753	1,793	(2%)	1,805
Equity liquids production	1,117	1,058	6%	1,124	1,142	(2%)	1,137
Equity gas production	735	753	(2%)	815	853	(4%)	867
Total equity liquids and gas production [4]	1,852	1,811	2%	1,939	1,994	(3%)	2,004

The statements below are related to developments in the third quarter of 2013 compared to the third quarter of 2012, and developments in the first nine months of 2013 compared to the first nine months of 2012, respectively.

Third quarter 2013

Total equity liquids and gas production [4] was up 2% to 1,852 mboe per day in the third quarter. The increase was mainly due to start-up and ramp-up of production on various fields and lower maintenance effects. Operational challenges in the third quarter of 2012 added to the increase. Expected natural decline on mature fields, divestments and reduced ownership share at Ormen Lange, partly offset the increase.

Total entitlement liquids and gas production [3] was up 4% to 1,687 mboe per day, positively impacted by the increase in equity production as described above, and a lower average Production Sharing Agreement (PSA) effect of 175 mboe per day compared to 188 mboe per day in the third quarter of 2012. A minor adjustment of tax oil barrels from previous periods had also a positive impact on the entitlement production in the third quarter of 2013.

Exploration expenditure (including capitalised exploration expenditure) increased by NOK 1.0 billion to NOK 5.9 billion mainly because of higher drilling activity. Lower seismic expenditures partly offset the increase.

Exploration expenses	Third quarter			First nine months			Full year
(in NOK billion)	2013	2012	change	2013	2012	change	2012
Exploration expenditure (activity)	5.9	4.9	21%	16.0	16.0	0%	20.9
Expensed, previously capitalised exploration expenditure	0.5	1.5	(64%)	0.7	2.4	(72%)	2.7
Capitalised share of current period's exploration activity	(1.0)	(1.3)	(27%)	(4.4)	(5.3)	(15%)	(5.9)
Impairment / reversal of impairment	0.5	0.1	>100%	0.8	0.3	>100%	0.4
Exploration expenses IFRS	5.9	5.2	14%	13.0	13.4	(3%)	18.1

First nine months 2013

Total equity liquids and gas production [4] was down 3% to 1,939 mboe per day in the first nine months of 2013, primarily because of expected natural decline on mature fields, decreased gas deliveries from the NCS and lower ownership shares after divestments and redeterminations. The decrease was partly offset by start-up and ramp-up of production on various fields.

Total entitlement liquids and gas production [3] was 1,753 mboe per day, down 2% compared to the first nine months of 2012. This was impacted by the decrease in equity production as described above. The PSA effect was 184 mboe per day compared to 201 mboe per day in the first nine months of 2012. The reduction is mainly due to production growth on fields with lower PSA effects and production decline on fields with higher PSA effects.

Exploration expenditure (including capitalised exploration expenditure) remained stable at NOK 16.0 billion in the first nine months of 2013. Increased drilling activity in the first nine months of 2013 was offset by more expensive wells with high Statoil equity share drilled in the first nine months of 2012. Lower seismic expenditures were offset by higher field development expenditures.

FINANCIAL REVIEW

The third quarter results were positively impacted by higher liquids prices and increased volumes of liquids and gas sold. The increase was offset by lower average gas prices due to increasing share of US gas, increased expenses driven by growth in production and increased depreciation unit cost as new fields with higher depreciation came on stream.

Condensed income statement under IFRS (in NOK billion)	Third quarter 2013	2012	change	First nine months 2013	2012	change	Full year 2012
Total revenues and other income	169.8	166.7	2%	479.8	562.8	(15%)	723.4
Purchases [net of inventory variation]	(82.1)	(87.0)	(6%)	(235.1)	(286.3)	(18%)	(363.1)
Operating expenses and selling, general and administrative expenses	(20.0)	(19.0)	5%	(66.4)	(57.6)	15%	(75.1)
Depreciation, amortisation and net impairment losses	(22.6)	(14.6)	54%	(53.7)	(44.7)	20%	(60.5)
Exploration expenses	(5.9)	(5.2)	14%	(13.0)	(13.4)	(3%)	(18.1)
Net operating income	39.3	40.9	(4%)	111.6	160.8	(31%)	206.6
Net financial items	(0.4)	3.0	>(100%)	(13.0)	0.0	>(100%)	0.1
Income before tax	38.9	43.9	(11%)	98.6	160.8	(39%)	206.7
Income tax	(25.2)	(29.4)	(14%)	(74.1)	(104.4)	(29%)	(137.2)
Net income	13.7	14.5	(6%)	24.5	56.5	(57%)	69.5

The statements below are related to developments in the third quarter of 2013 compared to the third quarter of 2012, and developments in the first nine months of 2013 compared to the first nine months of 2012, respectively.

Third quarter 2013

Net operating income was NOK 39.3 billion in the third quarter, a decrease of 4% compared to the third quarter of 2012. Lower average invoiced gas prices (measured in NOK), impairment losses mainly related to the refineries and provisions related to a redetermination process (*see note 8 in Condensed interim financial statements*), affected net operating income in the third quarter. The decrease was partly offset by a gain on sale of assets to Wintershall, higher average liquids prices (measured in NOK) and increased volumes of both liquids and gas sold.

Adjusted earnings is a supplemental non-GAAP measure to Statoil's IFRS measure of net operating income which management believes provides an indication of Statoil's underlying operational performance in the period and facilitates a better evaluation of operational developments between periods. See Use and reconciliation of non-GAAP financial measures for more information on adjusted earnings and a reconciliation from Net operating income.

Adjusted earnings [5] (in NOK billion)	Third quarter 2013	Third quarter 2012	change	First nine months 2013	First nine months 2012	change	Full year 2012
Adjusted total revenues and other income	165.5	166.8	(1%)	477.2	550.8	(13%)	713.6
Adjusted purchases	(82.4)	(88.2)	(7%)	(235.0)	(286.9)	(18%)	(363.2)
Adjusted operating expenses and selling, general and administrative expenses	(20.3)	(18.9)	8%	(60.7)	(61.4)	(1%)	(79.6)
Adjusted depreciation, amortisation and net impairment losses	(17.0)	(14.6)	16%	(48.1)	(44.0)	9%	(59.3)
Adjusted exploration expenses	(5.4)	(5.2)	5%	(12.6)	(13.6)	(8%)	(18.3)
Adjusted earnings [5]	40.4	40.0	1%	120.8	144.9	(17%)	193.2

In the third quarter of 2013, net operating income was negatively impacted by impairment losses (NOK 6.0 billion), change in over/underlift position (NOK 1.2 billion) and provisions related to a redetermination process (NOK 4.3 billion), while gain on sale of assets (NOK 6.4 billion), higher fair values of derivatives (NOK 1.4 billion), higher value of products in operational storage (NOK 0.3 billion) and other adjustments (NOK 0.5 billion) had a positive impact on net operating income. Adjusted for these items and the effects of eliminations (NOK 1.7 billion), adjusted earnings were NOK 40.4 billion in the third quarter of 2013.

In the third quarter of 2012, lower fair values of derivatives (NOK 0.8 billion) had a negative impact on net operating income, while gain on sale of assets (NOK 0.9 billion), higher value of products in operational storage (NOK 1.1 billion), over/underlift position (NOK 0.1 billion) and other provisions/adjustments (NOK 0.1 billion) had a positive impact on net operating income. Adjusted for these items and the effects of eliminations (NOK 0.4 billion), adjusted earnings were NOK 40.0 billion in the third quarter of 2012.

The 1% increase in **adjusted earnings** was mainly due to increased revenues from higher liquids prices and increased volumes of liquids and gas sold, partly offset by lower gas prices, reduced refining margins, increased royalty costs and higher depreciation expenses.

Adjusted total revenues and other income were slightly down 1%. Higher liquids prices, increased production and higher volumes of gas sold were offset by lower gas prices and lower volumes of SDFI and 3rd party liquids sold.

Adjusted purchases, which represent Statoil's purchase of SDFI [6] and 3rd party volumes, decreased by 7%. Higher 3rd party volumes of gas purchased and increased liquids prices were offset by the decrease in purchased volumes of liquids from SDFI and lower gas prices.

Adjusted operating expenses and selling, general and administrative expenses increased by 8% to NOK 20.3 billion, mainly due to increased royalty costs in the US and increased operating expenses due to start-up and ramp-up on various fields.

Adjusted depreciation, amortisation and net impairment losses increased by 16% to NOK 17.0 billion, mainly due to new fields with higher depreciation came on stream. Increased investments on major producing fields and higher depreciation from ramp-up on various fields, added to the increase. Higher reserves estimates and lower production because of decline on mature fields partly offset the increase.

Adjusted exploration expenses were slightly increased from NOK 5.2 billion to NOK 5.4 billion, mainly due to higher drilling costs and a lower portion of current exploration expenditures being capitalised this quarter because of non-commercial wells. A lower portion of exploration expenditures capitalised in previous periods was expensed this quarter and counteracted the increase.

Net financial items amounted to a loss of NOK 0.4 billion in the third quarter of 2013, compared to a gain of NOK 3.0 billion in the third quarter of 2012. The change was mainly due to reduced currency effects from positions in NOK related to foreign exchange and liquidity management, as well as reduced gain on derivative financial instruments related to long term debt.

Exchange rates	30 September 2013	31 December 2012	28 September 2012
USDNOK	6.01	5.57	5.70
EURNOK	8.11	7.34	7.37

Adjusted for the items in the table below, **net adjusted financial items** before tax amounted to a loss of NOK 0.6 billion in the third quarter of 2013.

Net financial items in the third quarter of 2013 (in NOK billion)	Interest income and other financial items	Net foreign exchange gains (losses)	Gains (losses) derivative financial instruments	Interest and other finance expenses	Net before tax	Estimated tax effect	Net after tax
Financial items according to IFRS	1.0	0.1	0.0	(1.5)	(0.4)	0.8	0.4
Foreign exchange (FX) impacts (incl. derivatives)	(0.2)	(0.1)			(0.3)		
Interest rate (IR) derivatives			0.0		0.0		
Subtotal	(0.2)	(0.1)	0.0	0.0	(0.3)	(0.7)	(0.9)
Financial items excluding FX and IR derivatives	0.8	0.0	0.0	(1.5)	(0.6)	0.1	(0.5)

Income taxes were NOK 25.2 billion in the third quarter of 2013, equivalent to an **effective tax rate** of 64.9%, compared to 66.9% in the third quarter of 2012. The tax rate decreased mainly due to a tax exempted gain in the third quarter of 2013. This was partly offset by provisions and impairment losses in the third quarter of 2013 with lower than average tax rates.

Management provides an alternative tax measure that excludes items not directly related to underlying operational performance. **Adjusted earnings after tax**, which excludes net financial items and tax on net financial items, is an alternative measure which provides an indication of Statoil's tax exposure to its underlying operational performance in the period, and management believes that this measure better facilitates a comparison between periods. See Use and reconciliation of non-GAAP financial measures - reconciliation of adjusted earnings after tax to net income.

Adjusted earnings after tax and the effective tax rate on Adjusted earnings, are stated in the table below.

Adjusted earnings after tax by segment [5]	Third quarter					
	2013			2012		
(in NOK billion)	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after tax	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after tax
Development and Production Norway	30.6	(22.5)	8.1	31.1	(22.9)	8.2
Development and Production International	6.2	(3.3)	2.9	4.4	(2.6)	1.8
Marketing, Processing & Renewable energy	3.9	(2.4)	1.6	4.1	(2.4)	1.7
Other	(0.3)	(0.2)	(0.5)	0.4	(0.2)	0.2
Group	40.4	(28.3)	12.1	40.0	(28.1)	11.9
Effective tax rates on adjusted earnings			70.1%			70.4%

Adjusted earnings after tax were NOK 12.1 billion, equivalent to an effective tax rate on adjusted earnings of 70.1%, compared to an effective tax rate on adjusted earnings of 70.4% in the third quarter of 2012. The tax rate decrease was mainly due to relatively lower adjusted earnings from the NCS in the third quarter of 2013. Income from the NCS is subject to higher than average tax rates.

First nine months 2013

Net operating income was NOK 111.6 billion, a decrease of 31% compared to the first nine months of 2012. The decrease is primarily explained by lower production of liquids and gas and decreased liquids and gas prices. Impairment losses, provisions related to a redetermination process (*see note 8 in Condensed interim financial statements*) and an onerous contract, added to the decrease. Also, higher gain from sale of assets recorded in the first nine months of 2012, contributed to the decrease.

In the first nine months of 2013, net operating income was negatively impacted by impairment losses (NOK 6.0 billion), provisions related to a redetermination process (NOK 4.3 billion) and an onerous contract (NOK 4.9 billion), change in over/underlift position (NOK 1.2 billion), lower fair values of derivatives (NOK 1.0 billion), lower value of products in operational storage (NOK 0.1 billion) and other adjustments (NOK 0.9 billion), while gain on sale of assets (NOK 6.4 billion) had a positive impact on net operating income. Adjusted for these items and the effects of eliminations (NOK 2.8 billion), adjusted earnings were NOK 120.8 billion in the first nine months of 2013.

In the first nine months of 2012, lower fair values of derivatives (NOK 2.8 billion) and impairment losses (NOK 0.7 billion) negatively impacted net operating income, while gain on sale of assets (NOK 14.3 billion), other adjustments related to the discontinued part of the early retirement pension (NOK 4.3 billion), higher value of products in operational storage (NOK 0.6 billion) and over/underlift position (NOK 0.3 billion) had a positive impact on net operating income. Adjusted for these items and the effects of eliminations (NOK 0.1 billion), adjusted earnings were NOK 144.9 billion in the first nine months of 2012.

The 17% decrease in **adjusted earnings** was mainly due to lower prices and reduced volumes of liquids and gas sold. Also, lower refining margins and higher depreciation expenses, added to the decrease.

Adjusted total revenues and other income were down 13% mainly because of lower prices for both liquids and gas and a decrease in volumes of gas produced. Lower SDFI volumes sold and the drop in revenues due to the divestment of the Fuel and Retail segment in the second quarter of 2012 added to the decrease. Increased volumes of 3rd party gas sold, partly offset the decrease in revenues.

Adjusted purchases, which represent Statoil's purchase of SDFI [6] and 3rd party volumes, decreased by 18% mainly due to lower SDFI volumes purchased and lower prices for both liquids and gas. The drop in purchases as a result of the divestment of the Fuel and Retail segment in the second quarter of 2012, added to the decrease. Increased volumes of 3rd party gas purchased, partly offset the decrease.

Adjusted operating expenses and selling, general and administrative expenses decreased by 1%, impacted by the NOK 3.5 billion drop in expenses as a result of the divestment of the Fuel and Retail segment in the second quarter of 2012. Purchase expenses reclassified as operating expenses in the first quarter of 2013 and increased operating cost from start-up and ramp-up on various fields partly offset the decrease.

Adjusted depreciation, amortisation and net impairment losses increased by 9% mainly because new fields with higher depreciation came on stream, higher depreciation from ramp-up on various fields and increased investment on producing fields. The increase was partly offset by the reduction in depreciation due to the lower production volumes and increased reserves estimates.

Adjusted exploration expenses decreased by 8% mainly because a lower portion of exploration expenditures capitalised in previous periods was expensed in the first nine months of 2013, partly offset by a lower portion of current exploration expenditures being capitalised because of non-commercial wells.

Net financial items amounted to a loss of NOK 13.0 billion in the first nine months of 2013, compared to net zero in the same period of 2012. The change was mainly due to negative currency effects from positions in NOK related to foreign exchange and liquidity management, as well as losses on derivative financial instruments related to long term debt.

Adjusted for the items in the table below, **net adjusted financial items** before tax amounted to a loss of NOK 0.6 billion the first nine months of 2013.

Net financial items in the first nine months of 2013 (in NOK billion)	Interest income and other financial items	Net foreign exchange gains (losses)	Gains (losses) derivative financial instruments	Interest and other finance expenses	Net before tax	Estimated tax effect	Net after tax
Financial items according to IFRS	2.9	(7.2)	(5.7)	(3.0)	(13.0)	6.9	(6.2)
Foreign exchange (FX) impacts (incl. derivatives)	(0.6)	7.2			6.7		
Interest rate (IR) derivatives			5.7		5.7		
Subtotal	(0.6)	7.2	5.7	0.0	12.4	(5.5)	6.9
Financial items excluding FX and IR derivatives	2.3	0.0	0.0	(3.0)	(0.6)	1.3	0.7

Income taxes were NOK 74.1 billion in the first nine months of 2013, equivalent to an **effective tax rate** of 75.2%, compared to 64.9% in the first nine months of 2012. The tax rate increased mainly due to higher impairment losses, higher onerous contract provisions, lower capital gains and increased loss on financial items, with lower tax rate than average tax rates.

Adjusted earnings after tax and the effective tax rate on Adjusted earnings, are stated in the table below.

Adjusted earnings after tax by segment [5]	First nine months					
	2013			2012		
(in NOK billion)	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after tax	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after tax
Development and Production Norway	97.1	(71.0)	26.1	117.2	(87.9)	29.3
Development and Production International	17.1	(9.4)	7.6	14.6	(7.3)	7.3
Marketing, Processing and Renewable energy	7.4	(4.9)	2.5	12.6	(9.0)	3.6
Fuel & Retail	-	-	-	0.6	(0.2)	0.5
Other	(0.7)	(0.1)	(0.8)	(0.2)	(0.5)	(0.7)
Group	120.8	(85.5)	35.4	144.9	(104.8)	40.1
Effective tax rates on adjusted earnings			70.7%			72.3%

Adjusted earnings after tax were NOK 35.4 billion, equivalent to an effective tax rate on adjusted earnings of 70.7%, compared to an effective tax rate on adjusted earnings of 72.3% in the first nine months of 2012. The tax rate decreased mainly due to relatively lower adjusted earnings from the NCS in the first nine months of 2013. Income from the NCS is subject to higher than average tax rates.

OUTLOOK

Organic capital expenditures for 2013 (i.e. excluding acquisitions and capital leases), are estimated at around USD 19 billion.

Statoil will continue to mature the large portfolio of exploration assets and expects to complete around 60 wells in 2013 with a total **exploration activity** level at around USD 3.75 billion, excluding signature bonuses.

Our ambition for the **unit of production cost** continues to keep our position in the top quartile of our peer group.

Statoil has an ambition to reach an **equity production** above 2.5 million barrels of oil equivalent per day in 2020 [7]. The growth is expected to come from new projects in the period from 2014 to 2016 resulting in a 2 to 3% Compound Annual Growth Rate (CAGR) for the period from 2012 to 2016. A second wave of projects is expected to come on stream from 2016 to 2020 resulting in an accelerated growth rate (CAGR) of 3 to 4%.

The growth towards 2020 will not be linear and the **equity production for 2013** is estimated to be lower than the 2012 level. As previously communicated, several events impact the production in 2013. Gas off-take is impacted by the value over volume strategy and the current reduced capacity at Troll limits the flexibility in the gas off-take. Following the closing of the Wintershall transaction in July 2013, the negative impact on production is around 40 mboe per day. After the redetermination process in the Ormen Lange Unit production is estimated to be negatively impacted by around 40 mboe per day from the second half of 2013.

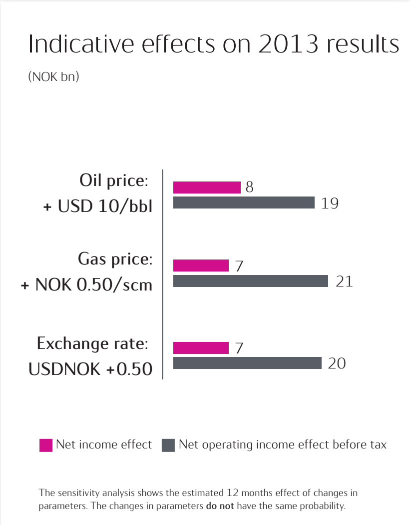
Scheduled maintenance is planned to have a negative impact on quarterly production of approximately 30 mboe per day in the fourth quarter of 2013, primarily planned outside the NCS, mostly in liquids. In total, the maintenance is estimated to have a negative impact on equity production of around 45 mboe per day for the full year 2013, of which most is liquids.

The Ormen Lange redetermination, the Wintershall transaction and closing of the OMV transaction will impact the **production in 2014** negatively.

Deferral of gas production to create value, gas off-take, timing of new capacity coming on stream and operational regularity represent the most significant risks related to the production guidance.

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. See "Forward-Looking Statements" below.

FINANCIAL RISK UPDATE



Financial risk factors

The financial results of operations largely depend on a number of factors, most significantly those that affect the price for volumes sold. Specifically, such factors include liquids and natural gas prices, exchange rates, liquids and natural gas production volumes. In turn, these factors depend on entitlement volumes under profit sharing agreements and available petroleum reserves, Statoil's - as well as our partners' - expertise and co-operation in recovering oil and natural gas from those reserves, and also changes in Statoil's portfolio of assets due to acquisitions and disposals.

The illustration shows how certain changes in crude oil prices (a substitute for liquids prices), natural gas contract prices and the USDNOK exchange rate, if sustained for a full year, could impact our net operating income. Changes in commodity prices and currency and interest rates may result in income or expense for the period as well as changes in the fair value of derivatives in the balance sheet.

The illustration is not intended to be exhaustive with respect to risks that have or may have a material impact on the cash flows and results of operations. See the annual report for 2012 and the 2012 Annual Report on Form 20-F for a more detailed discussion of the risks to which Statoil is exposed.

Financial risk management

Statoil has policies in place to manage risk for commercial and financial counterparties by the use of derivatives and market activities in general. The Group's exposure towards financial counterparties is considered to have an acceptable risk profile.

The markets for short- and long-term financing are currently considered to function well for corporate borrowers with Statoil's credit standing and general characteristics. With regard to liquidity management, the focus is on finding the right balance between risk and reward and most funds are currently placed in short-term money market instruments with minimum single A-rating.

In accordance with our internal credit rating policy, we continuously assess counterparty credit risk with a focus on counterparties identified as high risk. We assess our overall credit risk as satisfactory.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Third quarter 2013

The total recordable injury frequency was 3.6 in the third quarter of 2013, compared to 3.7 in the third quarter of 2012. The serious incident frequency was 0.8 in the third quarter of 2013, the same as in the third quarter of 2012. There were no fatal accidents in the third quarter of 2013.

The volume of accidental oil spills was 5 cubic meters in the third quarter of 2013, compared to 2 cubic meters in the third quarter of 2012. The number of accidental oil spills decreased from 45 in the third quarter of 2012 to 44 in the third quarter of 2013.

First nine months 2013

The total recordable injury frequency was 4.0 in the first nine months of 2013, compared to 3.9 in the first nine months of 2012. The serious incident frequency was 0.8 in the first nine months of 2013, compared to 1.0 in the first nine months of 2012. Following the fatal terrorist attack on the In Amenas gas production facility in Algeria in January, the board of directors appointed an investigation team to clarify and evaluate the facts related to the terrorist attack. Their investigation report was delivered in September 2013 and is available on Statoil's website. This report now forms a platform for Statoil's further efforts to strengthen security.

The volume of accidental oil spills increased from 45 cubic meters in the first nine months of 2012 to 63 cubic meters in the first nine months of 2013. The number of accidental oil spills decreased from 260 in the first nine months of 2012 to 160 in the first nine months of 2013. Statoil Fuel & Retail is included in the figures up to and including the second quarter of 2012, but was divested at the end of the second quarter of 2012. Excluding Statoil Fuel & Retail figures, the number of accidental oil spills was stable compared to first nine months of 2012.

HSE	Third quarter 2013	Third quarter 2012	First nine months 2013	First nine months 2012	Full year 2012
Total recordable injury frequency	3.6	3.7	4.0	3.9	3.8
Serious incident frequency	0.8	0.8	0.8	1.0	1.0
Accidental oil spills (number)	44	45	160	260	306
Accidental oil spills (cubic metres)	5	2	63	45	52

References

To see end notes referenced in main table and text please download our complete report from our website -

http://www.statoil.com/en/InvestorCentre/QuarterlyResults/Pages/default.aspx

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