



*Troll phase 3 on stream – subsea tie-in to Troll A*

## IR Gas Market Update

16 September 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 and 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 ambition to reduce net carbon intensity and be a net-zero energy company by 2050; the commitment to develop as a broad energy company; the ambition to be a leader in the energy transition; future financial performance, including cash flow and liquidity; accounting policies; plans to develop fields; plans for renewables production capacity, development of related projects and investments in renewables; expectations regarding development of CCUS and hydrogen businesses; ambitions regarding capex for renewables and low carbon solutions; market outlook and future economic projections and assumptions, including commodity price assumptions; organic capital expenditures through 2024; estimates regarding production; ambition to keep unit of production cost in the top quartile of our 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 the implementation of our share buy-back programme; 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 the uncertainty regarding demand created by the Covid-19 pandemic and oil price volatility triggered, among other things, by the changing dynamic among OPEC+ members; levels and calculations of reserves and material differences from reserves

estimates; natural disasters, adverse weather conditions, climate change, and other changes to business conditions; regulatory stability and access to attractive renewable opportunities; unsuccessful drilling; operational problems, in particular in light of quarantine rules and social distancing requirements triggered by the Covid-19 pandemic; health, safety and environmental risks; impact of the Covid-19 pandemic; 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 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; reputational damage; exercise of ownership by the Norwegian state; an inability to attract and retain personnel; risks related to implementing a new corporate structure; 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, 2020, filed with the U.S. Securities and Exchange Commission (including section 2.12 Risk review - Risk factors thereof). Equinor's 2020 Annual Report and Form 20-F is available at Equinor's website [www.equinor.com](http://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 assumes responsibility for the accuracy and completeness of the 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, either to make them conform to actual results or changes in our expectations.



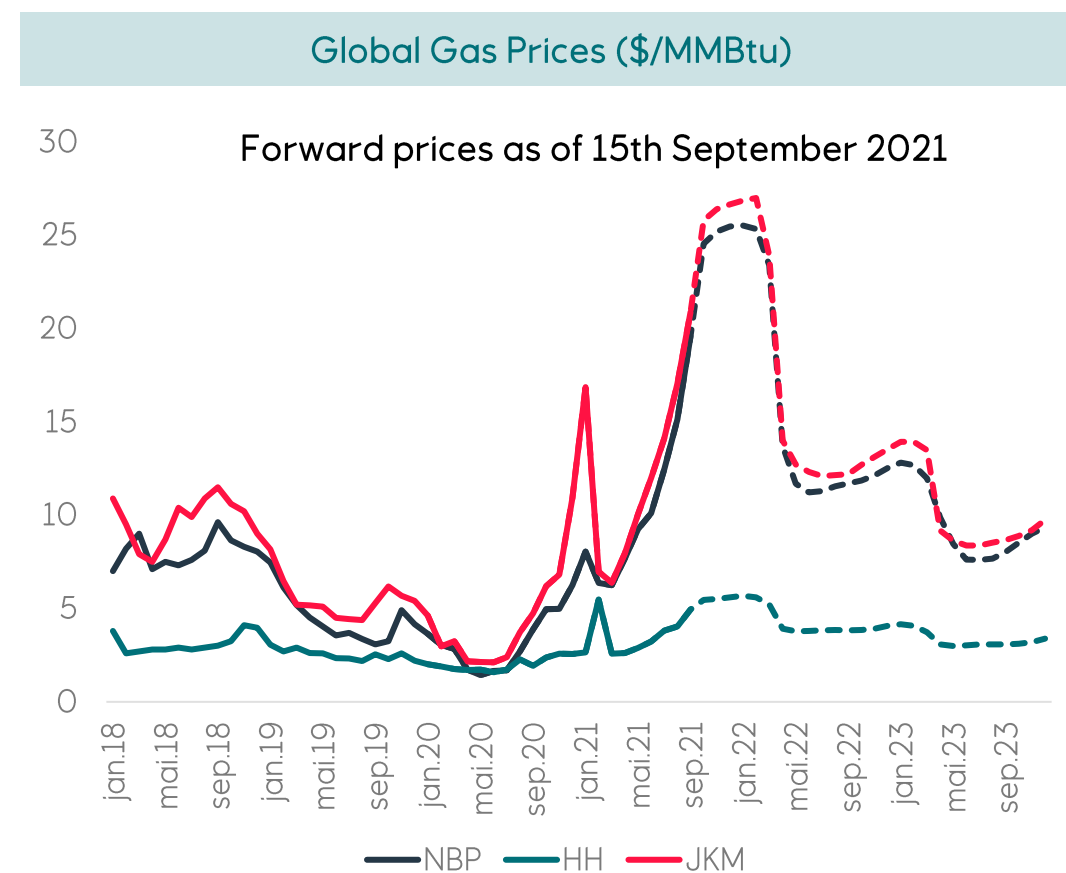
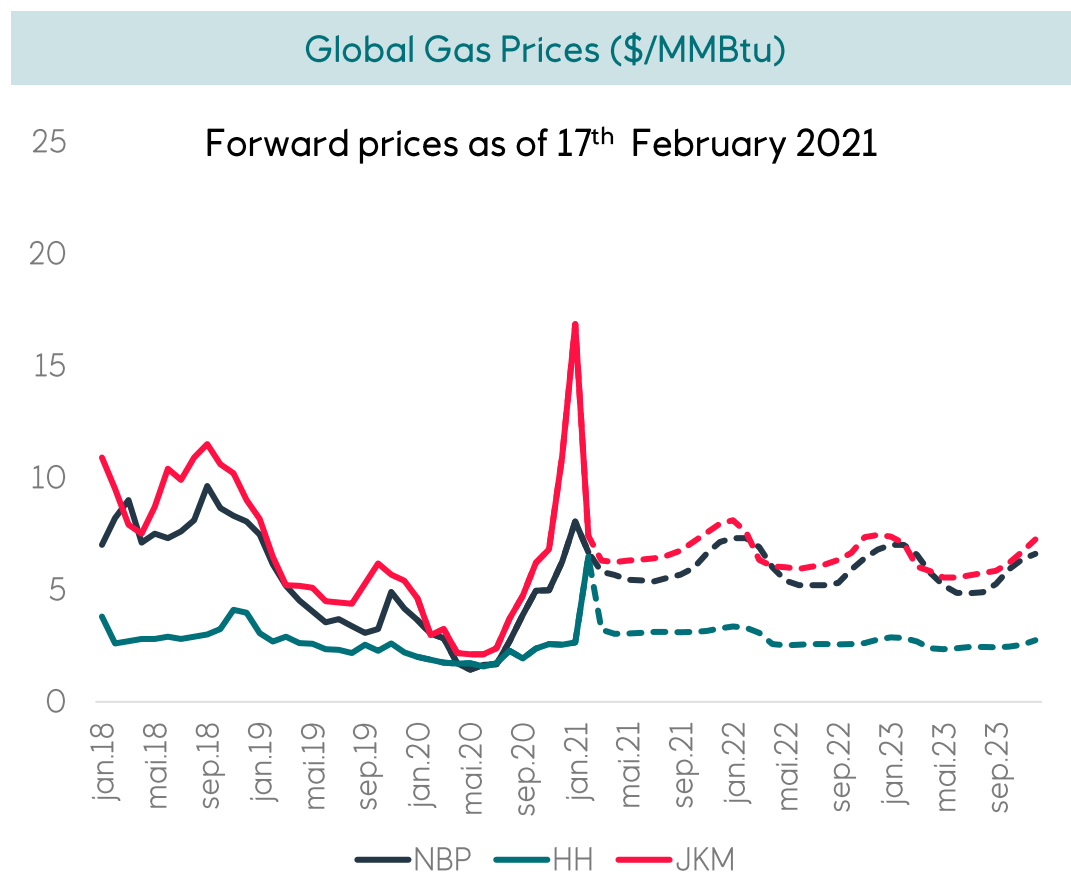
# Introduction, macro developments and long-term gas markets

Eirik Wærness

Senior Vice President, Global External Analysis, and Chief Economist

# Global gas price forecast: changes since Gas Seminar in February 2021

Prolonged winter spell April-May in Europe and unseasonably strong Asian LNG demand in spring

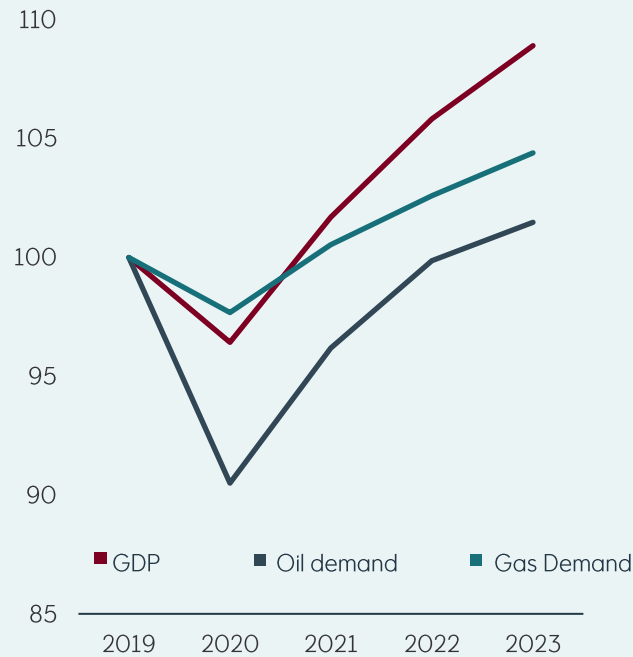


# COVID-19: A shock with profound impact

On human beings, societies, economies, and markets – and we are not out of it yet

## Global GDP, oil and gas demand

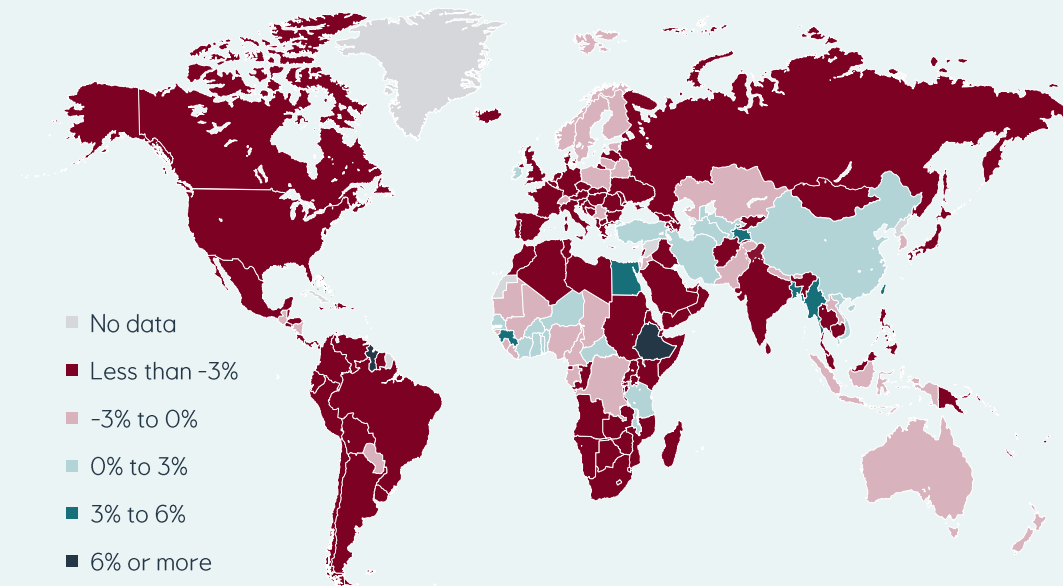
Indexed, 2019 = 100



Source: Equinor

## Countries in recession in 2020

Real GDP growth, annual percent change



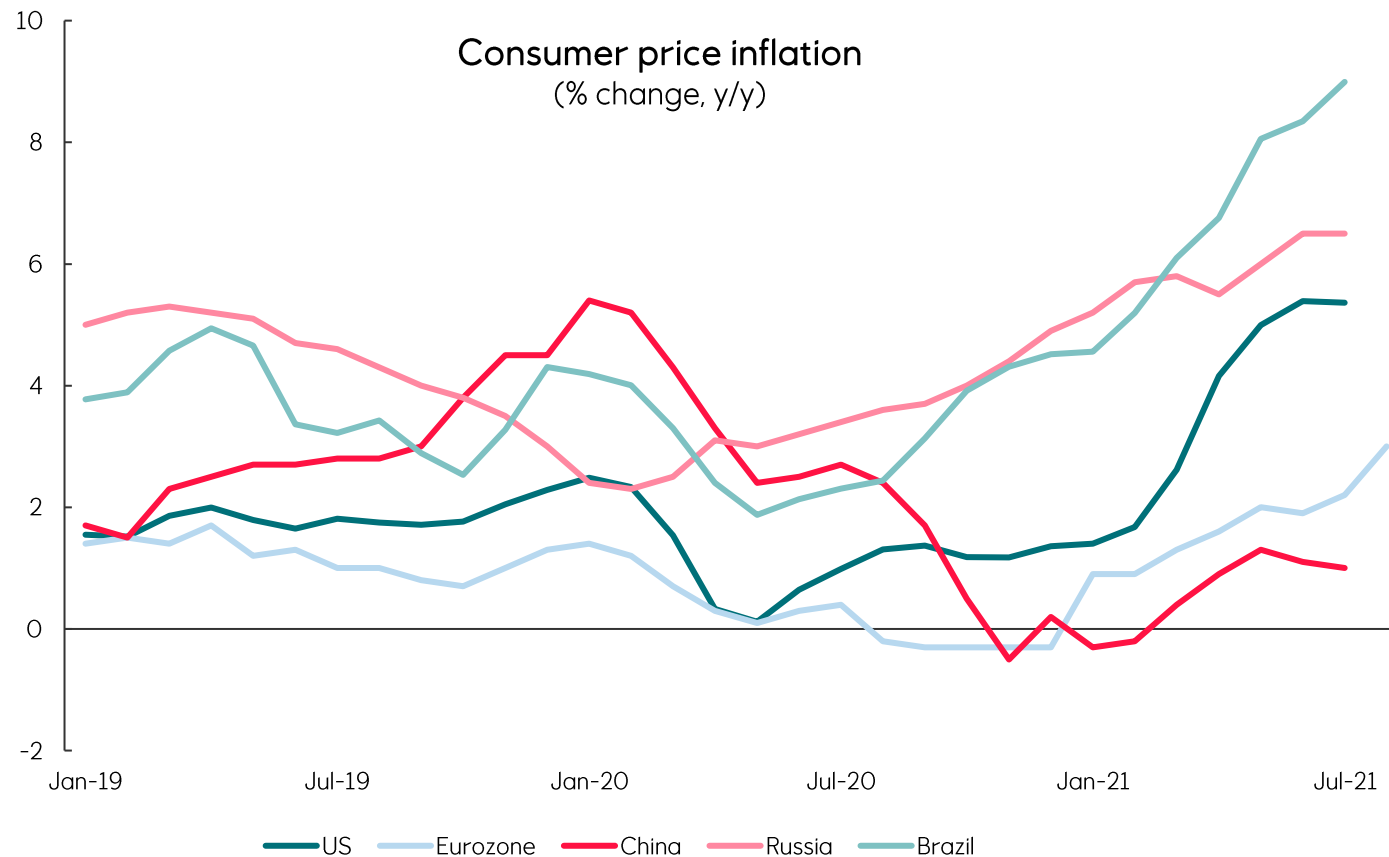
Source: International Monetary Fund

## Key uncertainties:

- Vaccine rollout and impact
- Delta and other variants
- Supply chain bottlenecks
- Inflation
- Tightening fiscal policies

# Elevated inflation mainly reflects pandemic-related developments

When will inflationary pressures abate? What if they don't?



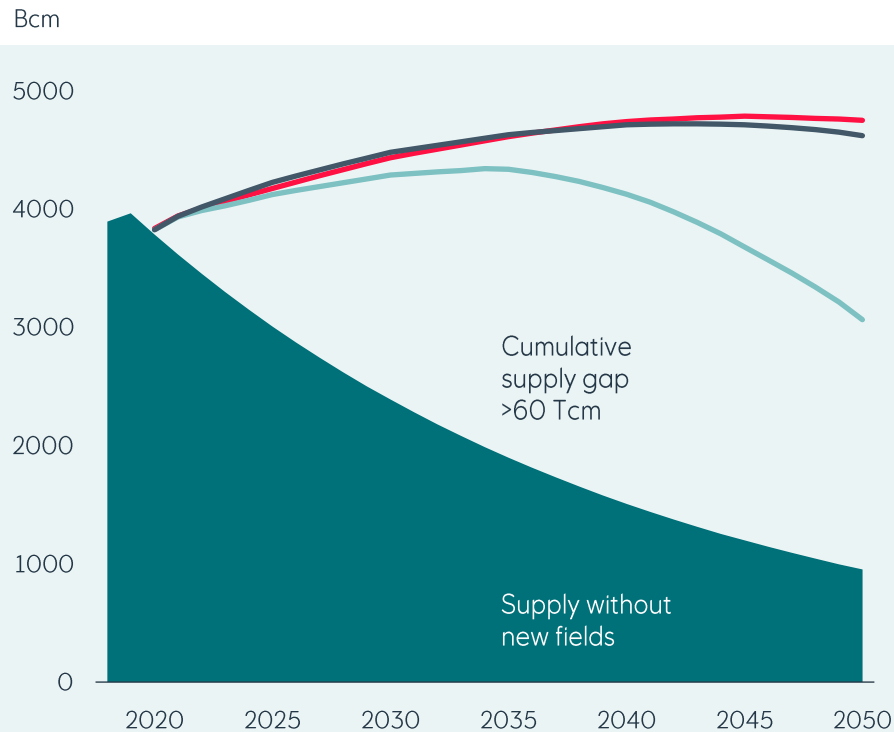
- Inflation has surprised to the upside across economies
- The recent acceleration in inflation largely reflects pandemic-related disruptions on supply and demand
- Bottlenecks are present both in trade and labor markets
- Inflation is mostly expected to decline as the transitory disturbances abate
- If inflation lasts, tightening policies are expected
- Potential impact on the energy transition:
  - Higher costs of renewables a drag
  - Higher fossil fuel prices an accelerator

Source: Refinitiv Datastream

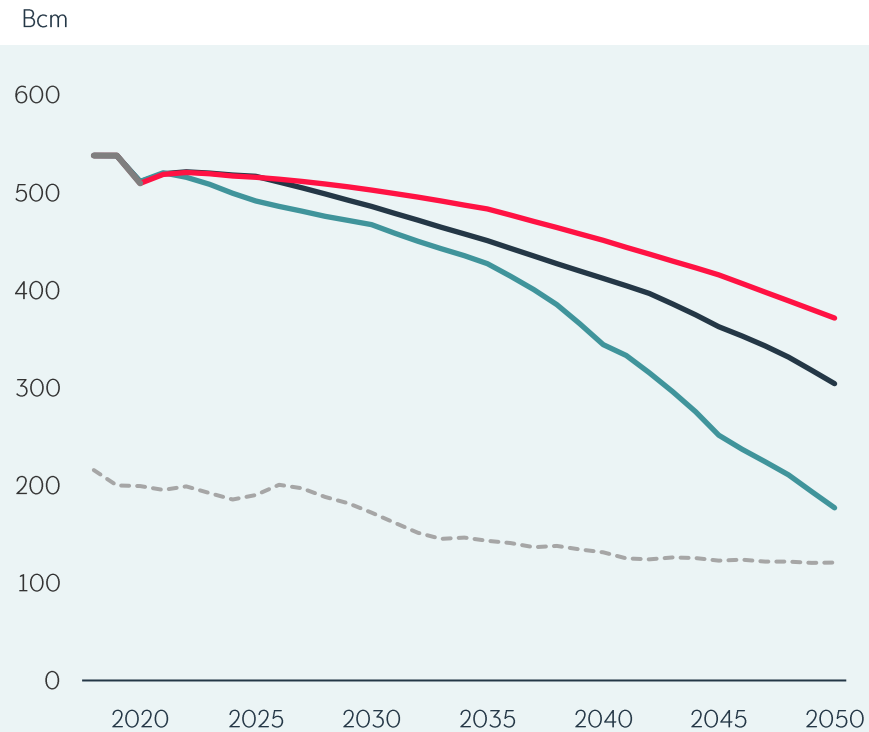
# Wide outcome space for long-term gas demand – global growth until ~2035

Large investments in all scenarios – Europe still needs imports in Rebalance – matching supply and demand globally a challenge

Global gas demand and supply from existing fields



European gas demand and indigenous supply



## Factors driving gas demand:

- Economic growth
- Energy transition in Asia
- Energy and climate policies
- Geopolitics
- Market design
- Technology
- Impact of blue (and green) H<sub>2</sub>

Source: IEA, Equinor

— Reform — Rebalance — Rivalry ■ Indigenous European supply in Reform (incl NCS)



## Short- and medium-term gas markets

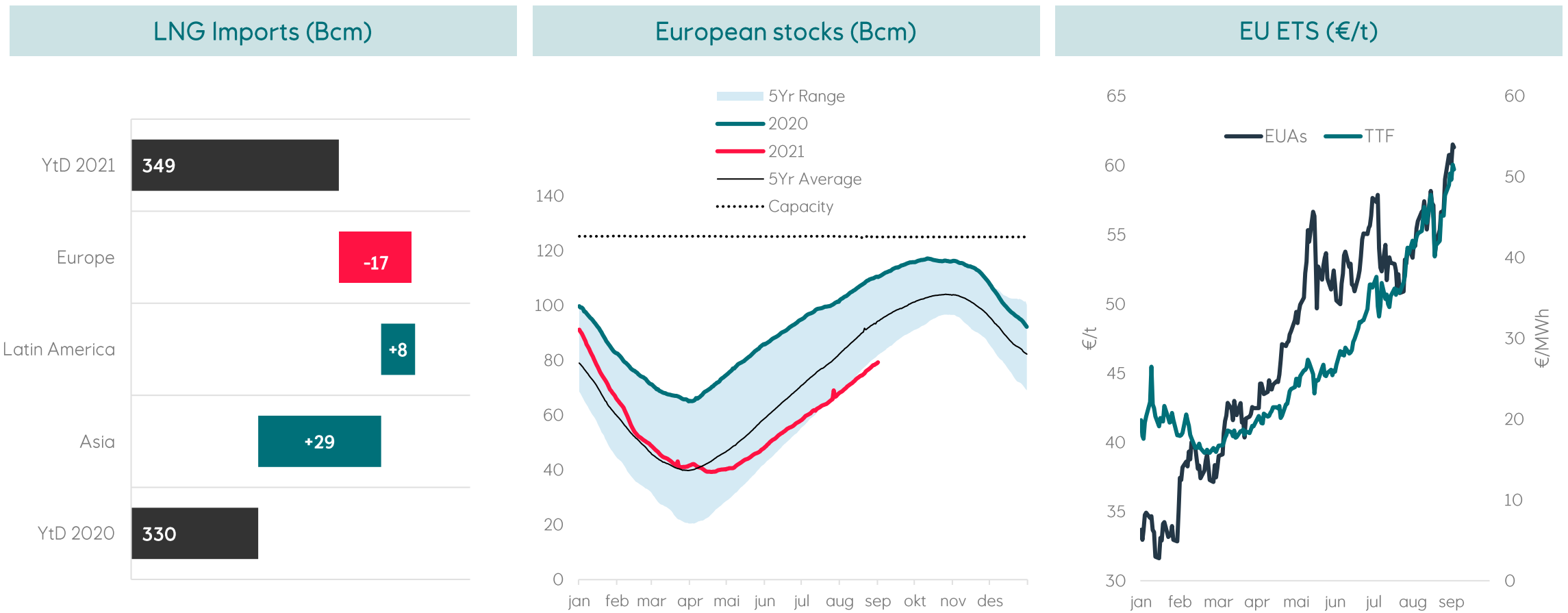
Tom James

Vice President, Global External Analysis



# Gas price rally: caused by strong Asian LNG demand, low European stocks and surging carbon prices

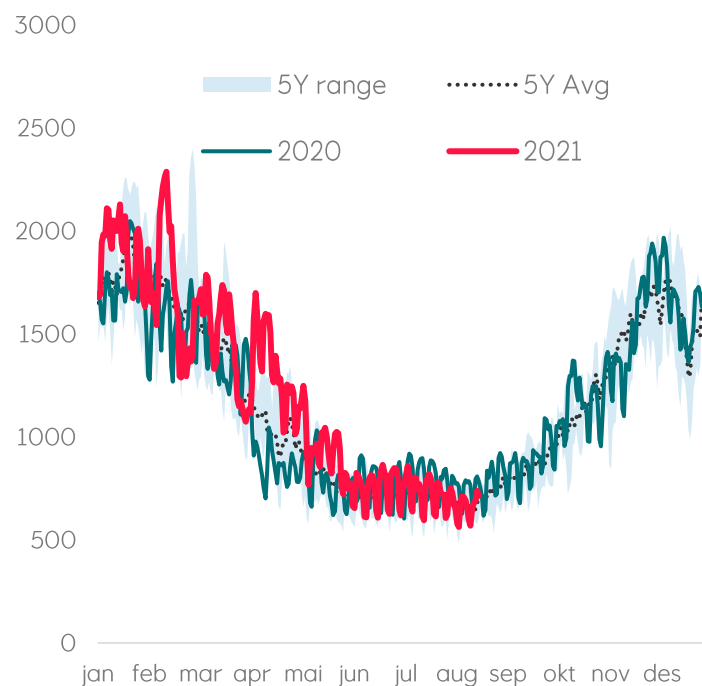
Prolonged winter spell April-May in Europe and unseasonably strong Asian LNG demand in spring



# 1H 2021 Gas demand growth: driven by weather and economic recovery

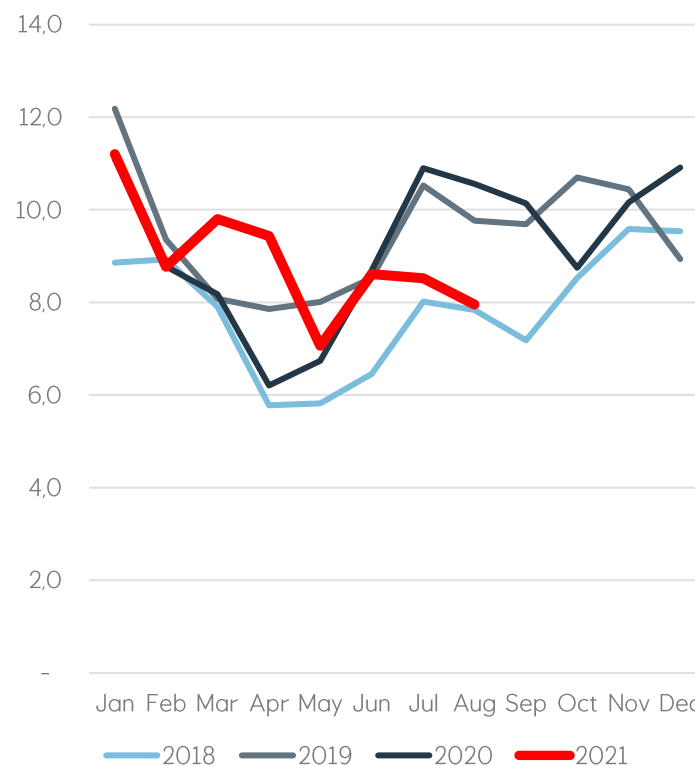
GtP 2H 2021 expected to remain at a lower level than the previous two years

European\* gas consumption (mcm/d)

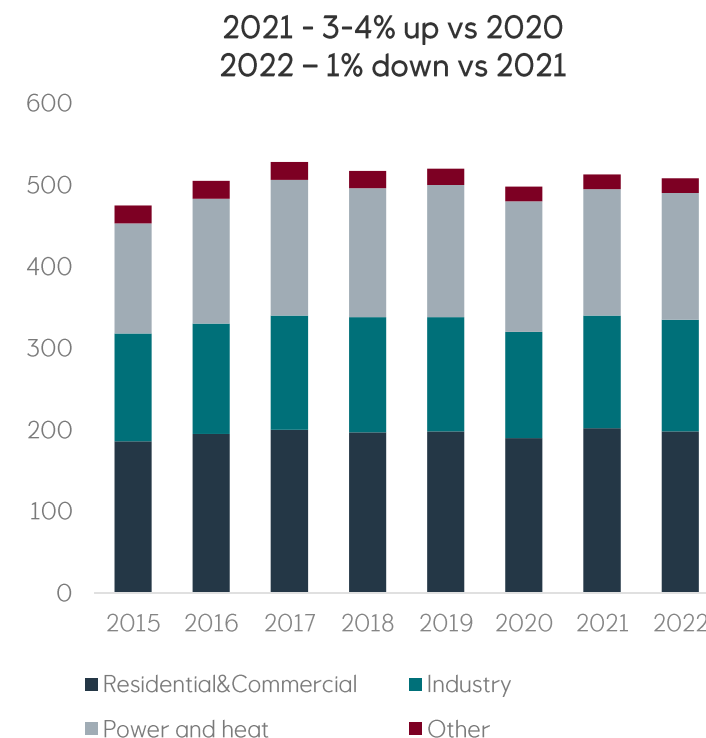


\* Excl Turkey.

Gas to Power (Bcm)

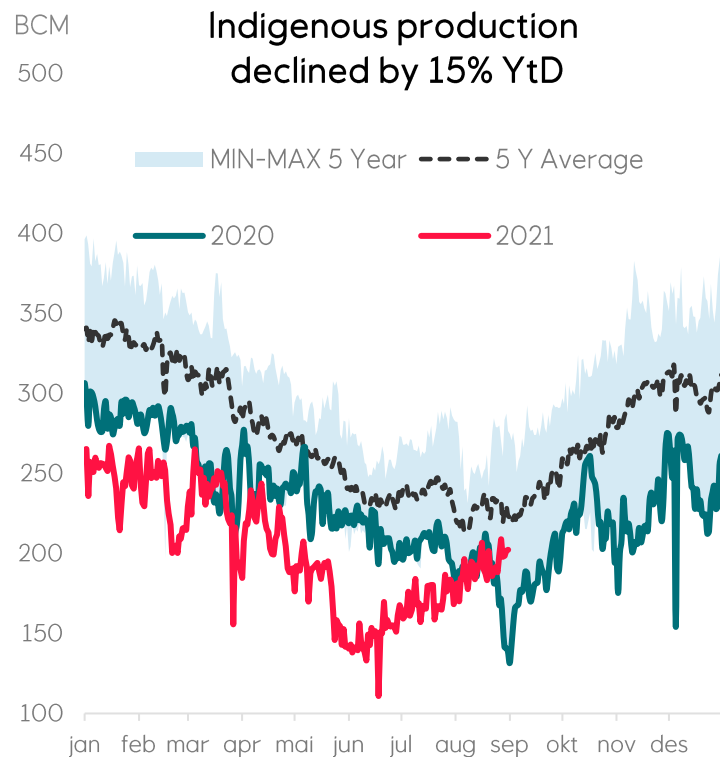


European gas demand by sector (Bcm)

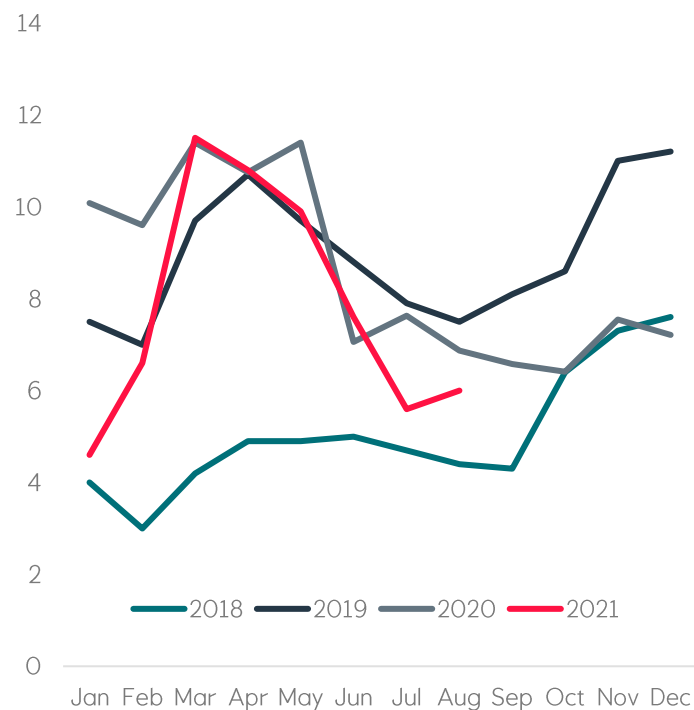


# European supply: Overall strong pipeline import mainly driven by import from Algeria

European gas production (Bcm)

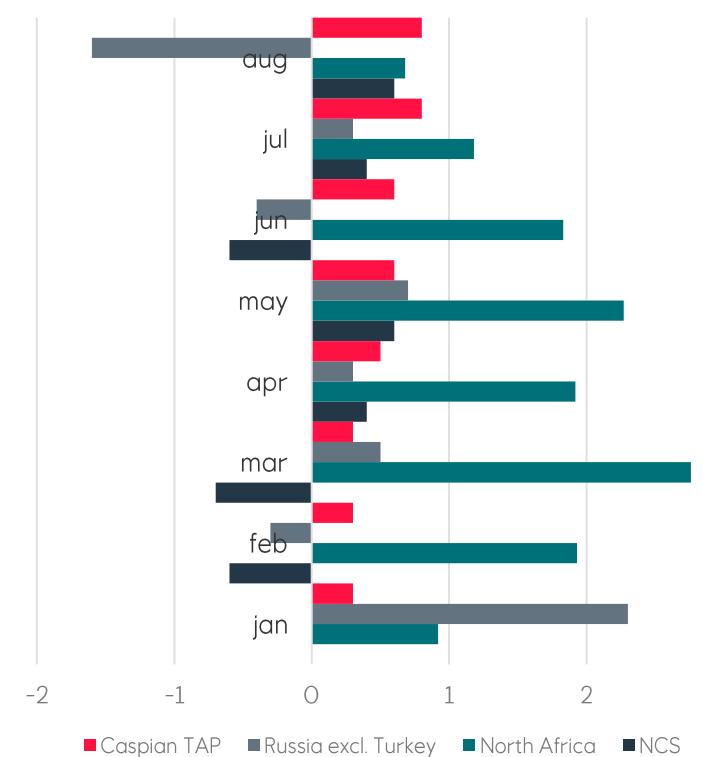


European LNG Import\* (Bcm)



\* Excl Turkey.

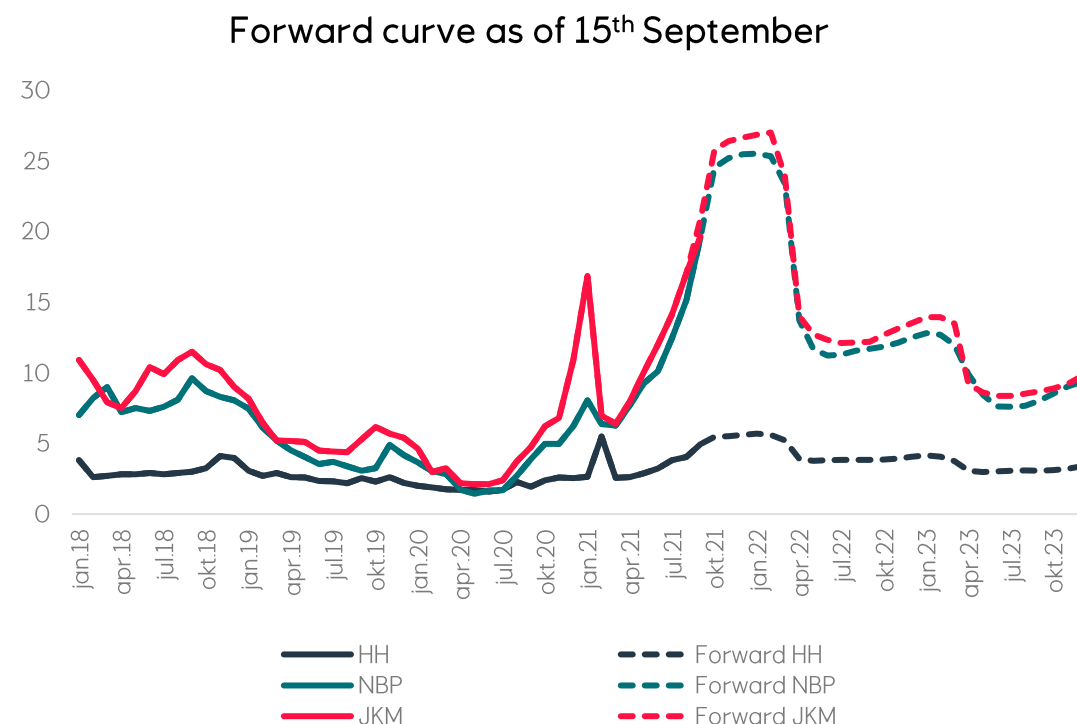
European Pipeline Import 2021 vs 2020 (Bcm)



# European gas prices will remain high this winter on low gas stocks

HH strengthens well above \$4/MMBtu due to mismatch between flat supply and growing demand.  
 JKM grows relative to TTF – spread supported by Asian demand and higher shipping costs

## Global Gas Prices (\$/MMBtu)



Key drivers NBP	Impact on Price
Low storage fill	
Weather related risk	
Continued Asian demand	
Pipeline supply uncertainties	
LNG supply	

## Summary

- High gas prices are expected to continue during winter 21-22, driven by strong global LNG demand and low European stock levels
- Europe will enter the winter months with storage ranging around 70-75% full, which is below the 5-year average, This leaves the market exposed to high prices when demand rises.
- Key supply outages remain a risk in the market
- Uncertainties surrounding Russian supply – Nord Stream 2 start of supply and/or additional capacity booking via Ukraine route – are bullish drivers for the prices.
- Asian LNG fundamentals suggest tight winter 21-22
- Forward market indicates a bullish sentiment for summer 22 based on low storages ahead of the summer and a consequential need for strong storage injections. This might happen if Asian demand remains strong also in 2022, absorbing the incremental LNG supply.
- Global LNG supply is recovering from a prolonged period of maintenance and outages. New LNG supply for the 2H 2021 +2022 is expected to be approximately 30 bcm, US capacity additions represent 67%.

# Investor Relations in Equinor

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