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## PRESENTATION

**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

Good morning to all, both here in the room in Oslo, and to all our participants online. Welcome to the presentation of Equinor's fourth quarter and full year results for 2025. My name is Bård Glad Pedersen. I'm Head of Investor Relations in Equinor.

To those of you who are in the room, I want to inform you that there are no emergency drills planned for today, so if there is an alarm, we will evacuate and follow instructions.

Today, we will have a presentation first from our CEO, Anders Opedal, followed by a presentation from our CFO, Torgrim Reitan. (Operator Instructions)

So with that, I hand it to you, Anders, for your presentation.

**Anders Opedal** - Equinor ASA - President, Chief Executive Officer

Thank you very much, Bård, and thank you all for joining here in the room and thank you for participating on digital. So, for Equinor, 2025 was a year of strong deliveries, but it was also a year of increased geopolitical tension and market uncertainty. Our job is to ensure we allocate our, allocate our resources in a way that maintain a competitive business, creating value at all times.

Today, Torgrim and I will show how we take the necessary measures to further strengthen our competitiveness, cash flow, and robustness. This makes sure that we can navigate through and leverage market volatility and the current macro environment. So we have three key messages for you today.

First, we are well positioned for maximizing long-term shareholder value. Today, we will share how clear strategic priorities guide capital allocation for 2026 and 2027, and we will revert at our capital market day in June to present our strategy towards 2030. Second, we take firm actions to strengthen free cash flow. We reduce our CapEx outlook with \$4 billion and maintain strong cost discipline. This makes us more robust towards lower prices and ensure that we can maintain a solid balance sheet through the cycles.

And third, we continue to develop an attractive portfolio, delivering oil and gas production growth. With this, we are prepared for volatility ahead. The energy transition is shifting gears in many markets, with governments and companies changing priorities.

Current oil prices are supported by geopolitical risk, but we are prepared for strong supply combined with moderate demand growth, putting pressure on the oil price in the near term. For gas, the European market has seen cold weather and high draw on storage in late December and in January. Storage levels are now around 40%, significantly below average for the last five years, and also lower than last year. We expect continued volatility ahead and more LNG coming to the market. In the US, low temperatures have driven up local demand and reduced exports of LNG.

But before I progress any further, I will always start with safety. Despite fewer people being hurt and our safety numbers moving in the right direction, we still have serious incidents and need to improve. In September, a colleague was fatally injured during a lifting operation at Mongstad. A stark reminder that we cannot rest until everyone returns safely home from work every day. Our safety trend reflects years of good work from the people in our organisation and our suppliers. Safety remains our first priority.

Throughout 2025, we have delivered strong performance, despite geopolitical uncertainty, high inflation in the supply chain, and lower commodity prices. This results in all-time high record production, thanks to good operational performance and new fields on stream.

We have matured a competitive project portfolio across the Norwegian Continental Shelf and internationally. With Johan Castberg on stream, we open a new region in the Barents Sea. In Brazil, we started production from Bacalhau, the first pre-salt operatorship awarded to an international company. We continue high grading our portfolio, and we maintain cost and capital discipline.

All this has enabled us to deliver industry-leading return on average capital employed of 14.5%, and \$18 billion in cash flow from operations after tax. We have delivered \$9 billion in capital distribution to our shareholders, as we said at the start of the year.

Last year, we received two stop-work orders for Empire Wind. In our view, both are unlawful. The first one was lifted by the new administration in May. The second stop work order came just before Christmas. This cited national security reasons, already a central part of an extensive approval process, where we have complied with all requirements. In January, we were granted a preliminary injunction allowing us to resume construction. There will be a continued legal process, and we remain in dialogue with US authorities to resolve any issues.

Despite the significant challenges caused by the stop work orders, the project execution is according to plan. The project is now over 60% complete. We have successfully installed all monopiles, the offshore substation, and almost 300 kilometers of subsea cables. The total CapEx for Empire Wind is now expected to be around \$7.5 billion. Around \$3 billion is remaining, and we, like other companies, remain exposed to uncertainty when it comes to possible future tariffs.

The project qualifies for tax credits, as decided by the US Congress. The cash effect of these is expected to be around \$2.5 billion. So far, we have drawn \$2.7 billion from project financing. We expect to draw the remaining \$400 million this year. For 2027 and 2028 combined, we expect around \$600 million in cash flow from operations. Combined with the ITC, this covers the remaining CapEx in the period.

We have continued high-grading our portfolio. We announced the latest move earlier this week, divesting onshore assets in Argentina for a total consideration of \$1.1 billion, unlocking capital for high value creation opportunities. The establishment of Adura was a major milestone last year. Our joint venture with Shell has created a leading operator on the UK Continental Shelf, fully self-funded, covering all Rosebank CapEx and well-positioned for growth. The JV company expect to distribute more than 50% of cash flow from operation to its shareholders, starting from the first half of 2026.

Based on Adura's plans, we expect total dividends of more than \$1 billion for 2026 and 2027 combined, with growth from 2026 to 2027. This moves our UK portfolio from being cash negative, due to CapEx, to cash positive from dividends. These two transactions build on previous high grading of the portfolio, divesting mature assets, and invest more in long-term gas production onshore US. Through this, we have created a more future-proof international portfolio, focusing on prospective core areas, increasing free cash flow, strong production, lowering cost, and a portfolio with low carbon intensity.

Now, onto, our strategic priorities for 2026 and 2027, and how they guide our capital allocation. The world is changing, but one thing remains firm: energy demand continues to grow. We are well positioned to contribute to energy security, affordability, and sustainability. So first, after more than 50 years of developing the Norwegian Continental Shelf, we are uniquely positioned for value creation here, and we continue to invest. The Norwegian Continental Shelf remains the backbone of the company.

In 2026, the NCS will contribute to our production growth, and we work to maintain strong production well into the next decade. In the future we expect to make more but smaller discoveries. To ensure commerciality, we will work with partners, suppliers, authorities, and unions to change the way we operate on the Norwegian Continental Shelf. We will develop future discoveries faster, become more efficient, and increase return while improving safety further.

Next, we are set to deliver strong production and cash flow growth from our high-graded international oil and gas portfolio. We are progressing project execution and exploration across key geographies, adding new volumes and opportunities for longevity in the portfolio. On power, we combine our renewable portfolio with flexible power to build an integrated power business and strengthen our competitiveness. We are value-driven in all we do and disciplined in execution and capital allocation.

The main focus for 2026 and 2027, deliver safe operations and strong project execution of already sanctioned portfolio. All this, Norwegian oil and gas, international oil and gas, power, are tied together by our marketing and trading capabilities, creating value uplift across our business.

We are positioned to create value within low-carbon solutions, like carbon capture and storage, but markets are developing at a slower pace than anticipated. In addition to the execution of Northern Lights and Northern Endurance, we will continue to mature a few selected options and markets at low cost. We will be positioned to invest as market develops, customers are in place, and returns are robust.

We grow our production to even higher levels in 2026, from a record high production level in 2025. For the year, we expect a production growth of around 3%. We are ramping up new fields, which more than offset divestment and natural decline. We are replenishing our portfolio and have three-year average reserve replacement ratio of 100%.

On the NCS, we made 14 commercial discoveries last year, mainly close to existing infrastructure, adding to longevity, and we continue to explore. We have added attractive acreage in Norway, Brazil, and Angola. We expect to drill around 30 exploration wells in 2026. We expect to reduce our unit production cost to \$6 per barrel. We continue to focus on delivering a carbon-efficient portfolio with a CO2 upstream intensity of 6.3 kg per barrel.

We take firm actions to strengthen our cash flow and further increase resilience facing higher market uncertainty. In 2026, we expect around \$16 billion in cash flow from operations after tax. This reflects a lower price outlook and is also impacted by the tax lag effect in Norway. At flat price assumptions, it's growing to around \$18 billion in 2027. We have strengthened our investment program for 2026 and 2027, reflecting market realities.

We have reduced our CapEx outlook for these two years with around \$4 billion, mainly within power and low carbon. This also influence our net carbon intensity reduction for 2030 and 2035, no change to 5% to 15% and 15% to 30% respectively. We maintain a stable investments of around \$10 billion annually to oil and gas. Our CapEx guiding for 2026 is around \$13 billion. This includes Empire Wind, where we, in 2027, expect to monetize investment tax credits for around \$2 billion. With this, we indicate CapEx of \$9 billion for 2027.

In the current situation for the offshore wind industry, we are focusing on projects in execution and have a high bar for committing capital towards new offshore wind projects. This includes our ownership in Ørsted. We will continue driving cost improvements, including the portfolio high grading we have done. We aim for 10% OpEx reduction in 2026, even while growing production.

We continue with strategic portfolio optimization to strengthen future cash flow. Proceeds from the divestment of Peregrino and onshore Argentina assets, it's expected to contribute more than \$1.1 billion this year. The action we take to strengthen our cash flow and robustness support sustainable, competitive capital distribution. This is important to me and a priority for the Board of Directors.

The starting point is the cash dividend. We have set an ambition to grow the quarterly cash dividend with two cents per share on an annual basis. We continue to deliver on this. It represents an industry-leading increase of more than 5%. We also continue to use share buybacks to deliver competitive total distribution. For 2026, we announced a share buyback program of \$1.5 billion, including the state share. The first tranche of \$375 million starts tomorrow.

As previously communicated, we see through timing effects like the tax lag in Norway and the phasing of Empire Wind, and lean on the balance sheet to deliver competitive capital distribution in 2026. In 2027, we have taken action to deliver stronger free cash flow. This is important to ensure that we can deliver competitive capital distribution in a long-term, sustainable manner.

So with our guiding in the background, I will give the floor to Torgrim, to take you through further through the details, and then I look forward to questions together with Torgrim when he is finished. So Torgrim, please.

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**Torgrim Reitan** - Equinor ASA - Chief Financial Officer, Executive Vice President

So thank you, Anders, and good morning, and good afternoon, and, thank you for joining us here today. So, 2025 was a good year for Equinor. We delivered strong performance and record high production. But before we dive into the financial results I want to expand on how we will manage through a period of volatility.

So we are prepared for lower prices. With a strong balance sheet, lower cost and CapEx, and an attractive, project portfolio. Our financial framework sets the boundary conditions for our capital allocation, and how we manage our company.

So to start, our highest priority will be to deliver a robust and a growing cash dividend in line with our dividend policy, and this reflects growth in our long-term underlying earnings. Then, we will continue to invest in an attractive and high-graded investment portfolio, with low break evens and strong returns, in line with the following priorities. First, our unique position on the Norwegian Continental Shelf gives us competitive advantages, and this is why we will continue to prioritize developing this area and allocating almost 60% of our investments to an area we know better than anyone.

In 2026, we have 16 projects in execution in Norway. Many of these are tie-ins to existing infrastructure, with low cost and very low break-evens. Then, we will allocate 30% of our capital to our international oil and gas business. This is mainly to sanction projects, and we expect to increase production to more than 900,000 barrels per day in 2030. Then, around 10% of our capital will be allocated to building an integrated power business, where the main focus is on delivering our offshore wind projects in execution safely, on time, and on cost.

Outside these three areas, we expect limited investments over the next two years. As you know, we will prioritize having a strong balance sheet and the liquidity necessary at all times, and this is important to manage risk and to continue to deliver value. Over the next two years, we will see through the timing effect, such as the NCS tax lag and the tax credit on Empire Wind, impacting our cash flow from operations, and we will lean on the balance sheet. We will lean on the balance sheet in 2026 to cover CapEx and distribution.

Next year, in 2027, cash flow from operation is stronger, and we have lowered CapEx, significantly improving the free cash flow. So we will manage the balance sheet through this period and continue to deliver competitive capital distribution, including share buybacks.

For more than a decade, we have consistently delivered an industry-leading return on capital employed, and if you ask me, that is a premium KPI that we hold very high in our company. And with this financial framework, we expect to deliver around 13% over the next two years, now using a lower price deck than what we have used earlier, so that is comparable to what we have, have said earlier.

We are used to managing volatility and deliver value through cycles. First, to manage cycles, we have to run with a strong balance sheet and a robust credit rating, and we have that. Having liquidity available is key. We have close to \$20 billion for the time being.

Second, a low-cost base is important to ensure that we make money at low prices, and we continue to reduce our costs. We have a low unit production cost, and in 2026, we will further reduce it by around 10%, to \$6 per barrel. We are the lowest cost supplier of piped gas to Europe, with our all-in cost of less than \$2 per MBTU, and we are sure that we will create significant value in any price scenario in Europe.

Through strong cost performance and portfolio high grading, we aim to reduce OpEx and SG&A by 10% in 2026. This corresponds to a flat underlying cost development, overcoming inflation while growing production. We are addressing cost in all parts of the organization, and I want to highlight that in 2025, we brought down OpEx and SG&A in renewables by 27%, mainly due to reductions in early phase costs.

And then thirdly, it is key to have a competitive project portfolio that makes sense at lower prices. And we operate a majority of our projects, giving us the flexibility needed to adjust when we want to do that.

Through portfolio flexibility and high grading, we have reduced CapEx over the next two years by \$4 billion, made divestments totalling more than \$6 billion since 2024, and strengthened the quality of our portfolio. Our average breakeven is around \$40, and we see an internal rate of return of 25%, in our portfolio at a \$65 oil. We remain a leader on CO2 efficiency and an average payback of two and a half years. So I will call this a robust, low-risk, and high-value project portfolio that will create value also at low prices.

In periods of volatility, our NCS position and our international portfolio complement each other. In Norway, we are more robust to lower prices, while internationally, and particularly in the US, where we have strengthened our gas position, we have a large exposure to upside in prices.

So Norway first. We have immediate deductions for CapEx against the special petroleum tax. And with full consolidation between fields and no asset ring-fencing or pre-tax CapEx of around \$6 billion translates into an after-tax investments of less than \$1.5 billion. And when prices change, 78% of the effect on the revenue is absorbed by reduced taxes. So this makes the NCS less exposed to lower prices than other basins. So what happens if prices change? With a \$10 move, in oil prices, the cash flow is only impacted by \$1.2 billion, and this is across the global portfolio and adjusted for tax lag.

For European gas, a \$2 change, equals \$800 million. What is particularly interesting is the US gas, where the production is now one third of our Norwegian gas position. But still, a \$2 movement in gas price has a similar effect on cash flow after tax as in Norway. So let me elaborate more on the US gas, as that has become even more important to us.

So in 2025, we delivered around \$1 billion in cash flow from operations out of that asset. Production increased by 45% on back of well-timed acquisitions to around 300,000 barrels per day, capturing gas prices that were more than 50% higher than in 2024. We have a low unit production cost for our US gas, around \$1 per barrel, and we are well positioned to benefit from robust power load growth and increased demand in the Northeast.

We are marketing our gas ourselves, and we are able to add value through trading, pipeline capacity, and access to premium markets such as New York City and Toronto. So in January this year, gas prices in the Northeast reached very high levels, driven by the winter storms, and we used our infrastructure and trading to capture quite a bit of value out of that volatility.

Okay, so now to our fourth quarter and full year results. This slide sums up the key numbers you heard from Anders. Safety is our first priority. We see strong safety results, but we need to continue improving with force. Return on average capital employed in 2025 was 14.5%. Cash flow from operations after tax came in at \$18 billion, and earnings per share were strong at \$0.81.

For the year, we produced 2,137,000 barrels per day. This is record high and up 3.4% from last year, driven by ramp up on Johan Castberg and Halten East on the NCS, US onshore gas, and new wells coming on stream. In the quarter, production was up 6%, despite some operational issues in Norway and in Brazil. On the NCS, Johan Sverdrup had another strong year. For power, we produced 5.65 terawatt-hours, and renewables power generation was up by 25%. So then to our financials.

Adjusted operating income from E&P Norway totalled \$5 billion, driven by increased production at lower prices. Depreciation was up compared to last year due to new fields on stream. Our E&P international results were impacted by portfolio changes and an under-lift situation in the quarter. In the US, results were driven by significantly higher gas production, capturing higher prices, and in our MMP segment, results were driven by gas trading and optimization and a favourable price review result in January. So the result of this price review explains the difference from the MMP guidance. So this is a one-off, however, important enough, and the cash flow impact will be somewhat higher than the accounting effect, and it will come in 2026.

On a group level, we had net impairments of \$626 million and losses on sale of assets of \$282 million. These do not impact adjusted numbers. A significant part of this relates to the Peregrino and the Adura transactions, and they are mainly driven by accounting treatment of these transactions, more of a technical nature.

Adjusted OpEx and SG&A was up 7% compared to the same quarter last year, and up 9% for the year. These were driven by transportation cost, insurance claims, and currency. For the year, underlying OpEx and SG&A was up 1%, and if you adjust for currency headwinds, it was actually slightly down.

For the year, our cash flow from operations came in at \$18 billion after tax, in line with our guidance when we adjust for changes in prices. Organic CapEx for the year was \$13.1 billion, also in line with what we said. Our net debt to capital employed ended at 17.8%. This increase from last quarter is mainly driven by NCS tax payments and Ørsted rights issue participation and somewhat increasing working capital.

So let me conclude with our guidance. For 2026, we expect \$13 billion in organic CapEx and a 3% growth in oil and gas production. We have increased our quarterly cash dividend by more than 5%, now at \$0.39 per share. And announce a share buyback of up to \$1.5 billion for the year, starting with the first tranche tomorrow.

Thank you very much for the attention, and now I will leave the word back to you, Bård, for the Q&A session. Thanks.

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## QUESTIONS AND ANSWERS

**Bård Pedersen** - Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations

(Operator Instructions) Teodor Sveen-Nilsen, SpareBank 1 Markets.

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**Teodor Sveen Nilsen** - *Swedbank AB - Analyst*

Thank you. Congrats on strong results. So sort of two questions. First on CapEx. You obviously reduced guidance for 2027. Just wonder how we should interpret the runup into 2028. Should we also assume that the 2028 CapEx will be well below the \$13 billion you previously announced, or is that too early to say anything about?

And second question, that also -- that is on MMP. Could you just explain what's behind the price review that boosted the results? Thanks.

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**Anders Opedal** - *Equinor ASA - President, Chief Executive Officer*

Thank you very much. So you can think about the price review, Torgrim, while I talk about the CapEx. Yeah, you're right, we have reduced the CapEx. We have, when we are looking in the CapEx profile over the last years, we have consistency. We have consistency investing into Norwegian oil and gas, and in international oil and gas. And last year, and this year, we are reducing the CapEx outlook for our renewables and low-carbon solutions, and this is due to that two, three years ago, we had a different market view than we have today.

We don't expect that this market will change dramatically over the next years. We intend to continue focusing, investing consistently into our attractive oil and gas portfolio that Torgrim demonstrated. And be market driven and invest in low-carbon solution and power when the time is right, the profitability is right, and the market comes.

So I cannot give you the guidance for 2028 already, but with these consistency in investments in oil and gas and this change we have done in the CapEx for renewables and low-carbon solutions, and the market will probably not change very much over the next years. I think you will see somewhat consistency in our CapEx guidance going forward, and we will come back to more details about this in June.

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**Torgrim Reitan** - *Equinor ASA - Chief Financial Officer, Executive Vice President*

Thanks, Teodor. On the price review, that is a normal mechanism in many of the gas contracts, where sort of if the price in the contract dislocates from what the market should have been, and the price should have been, we have a mechanism to renegotiate or open up that.

We often disagree with customers in processes like this, and often we take such things into arbitration, as we have done in this case. So that has gone on for a while, and we won in that arbitration.

Over the year, we have accrued revenue related to that because we considered that we had a strong case. We had an even better outcome than what we accrued. This will be a one-off payment during the year, and from now on, there is a new mechanism in place on that contract.

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

Sorry, Teodor, I need to stick to the two questions because we want to cover as many as possible. John Olaisen, ABG Sundal Collier.

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**John Olaisen** - *ABG Sundal Collier Holding ASA - Analyst*

Yeah, thank you for taking my question. First question is regarding Johan Sverdrup --

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

John, please use the microphone so people can hear you online.

**John Olaisen** - *ABG Sundal Collier Holding ASA - Analyst*

Sorry. I guess I don't need --

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

You need to push a button. Push the button, please.

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**John Olaisen** - *ABG Sundal Collier Holding ASA - Analyst*

Yeah. Okay. Yeah, sorry. It's John Olaisen from ABG. Thanks for taking my question. My first question is regarding Johan Sverdrup. Anders, you were quoted in the media today saying that you expect it to decline by more than 10% this year. I would -- I want you to elaborate a little bit more on that. How much more, and do we expect the same for the next few years? So that's only my first question on Johan Sverdrup production profile.

The second question is regarding M&A. You've sold a lot of assets internationally, so I wonder, do you have, still have assets on the sales list internationally? And also, secondly, it's, it's a long time since you bought assets internationally. Do you have -- are you looking at potential acquisitions internationally? Those are the two questions, Johan Sverdrup and M&A.

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**Anders Opedal** - *Equinor ASA - President, Chief Executive Officer*

Thank you. First of all, when it comes to Sverdrup, I think we have demonstrated over many, many years how we've been able to keep up the production, even increase it, due to the fantastic work that is done by the people working with Johan Sverdrup. Then, a field like this, like, is like all other fields. Eventually, it will come into decline, and we see that now. So we see a decline in Johan Sverdrup for 2026, which is more than 10%, but well below 20%, and that is what we put into our numbers. Still, we will have a growth in Equinor of 3% for 2026, and actually also a growth both on the Norwegian Continental Shelf and internationally.

And of course, based on all the good work, drilling new wells, placing the wells better, retrofitting the wells, high production efficiency, have a high water cut and flow through the separators. The team is working to make sure that this decline is as low as possible. But above 10, well below 20, is what we see and kind of planning for in 2026. Well, we don't have a specific list of M&A sales candidates and targets that we disclose, but I think what you have seen, what we have done in the past, we have been active both in divestment, where we think the timing is right to create value, and where we see that future investment can be used better elsewhere.

Then we have monetized those assets, and when we have seen opportunistic opportunities to invest, we have done it, like twice, in the US gas in the Marcellus. You can expect us to be active going forward. And we have had a strategy of optimizing the international business, and we have optimized it now and set it clear for growth, and now is the focus to deliver on that growth and finding more attractive exploration opportunities within those selected areas, and at the same time, be open for value accretive opportunities in the market.

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

Henri Patricot, UBS.

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**Henri Patricot** - *Ubs Inc - Analyst*

Yes, thank you, and thank you for the presentation. Two questions from me. The first one on the cash flow guidance for 2026, 2027. You do show this meaningful improvement in 2027 to \$18 billion. Could you give us a bit more of a breakdown behind this improvement? I think you mentioned Empire Wind starting up, some tax lag effect. What else is contributing to this sharp increase?

And then secondly, I was wondering, there's uncertainty still around Empire Wind 1. What would be the impact to the financial framework you presented today if the project does not complete, or any implications for the broader CapEx and shareholder returns? Thank you.

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**Anders Opedal** - Equinor ASA - President, Chief Executive Officer

If you told him, start with Empire Wind, then I can take on the CapEx reduction for 2027 afterwards.

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**Torgim Reitan** - Equinor ASA - Chief Financial Officer, Executive Vice President

Okay, thanks. So, thanks, Henry. On Empire Wind, clearly, we are steered by sort of forward-looking economics and forward-looking cash flows when we make up our minds. So from now on, the remainder of investments will be covered by the ITC and cash flow from operations over the next two years, in a way. So the threshold for not moving forward with it is extremely high, in a way. I mean, the total economics of that project life cycle is something else, but clearly the decision that we have to make is actually how it looks going forward.

And going forward, it's actually pretty solid. So the threshold for stopping it is very high. Our job is to deliver this on time and schedule, and I must say, I am extremely proud of what that project organization has been able to do through all of this volatility this year, to keep it steady, on the track. So, we are on track to deliver, and, and we have, no other plans than that.

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**Anders Opedal** - Equinor ASA - President, Chief Executive Officer

Yeah. And then, the cash flow from operations that is increasing from \$16 billion to \$18 billion towards '27, this is based on flat price assumption, \$65 on the oil price, and \$9 and \$3.5 for Europe and US respectively.

And the answer here is that this is the tax lag. We are, this year, paying a higher tax based on higher prices, last year, on the Norwegian Continental Shelf. And it's also a 3% production increase in 2026, that will also contribute to a higher cash flow.

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**Bård Pedersen** - Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations

Biraj Borkhataria, RBC.

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**Biraj Borkhataria** - Rbc Capital Markets - Analyst

Hi, thanks for taking my questions. Just the first one was just a follow-up on Johan Sverdrup. You mentioned the decline for 2026. What is in your base case for 2027 and beyond? Because obviously it's quite a big part of your portfolio. It will be good to get some clarity there on the decline rates.

And then the second question is just on the Empire Wind budget, which has obviously gone up a little bit. How should we think about how much contingency you have in that new \$7.5 billion budget? Thank you.

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**Anders Opedal** - Equinor ASA - President, Chief Executive Officer

Well, when it comes to, we are guiding now on Johan Sverdrup for 2026, and to say what it will be in 2027 is too early. As I said, we have a fantastic team there that will do everything they can to reduce this decline. We will drill new wells.

And I also remind you that in end of 2027, we will have Johan Sverdrup phase three coming on stream as well. We have ramp up of other fields on the Norwegian Continental Shelf, meaning that, despite this reduction in 2026, decline in Johan Sverdrup, we will still have a

production growth. And then we will see now how Johan Sverdrup behave during the first part of the decline and how we are mitigated, and then we will come back to it. So it's too early to say.

When the increases on the Empire Wind, it's very much related to two elements. It's tariffs that has been imposed to the project and is also an effect of the first stop work order that we had. The second stop work order, we were able to execute part of the project, most of the project, in the beginning of the stop work order. And the most important parts of the progress we were able to do after the preliminary injunction.

So very, very little, very little effect of the project. So the execution part of it, it's going well in terms the use of CapEx in this project, but there is a remaining uncertainty on tariffs. You might remember a couple of weeks ago, a 10% tariff to Greenland, that was removed a little bit a few days later, and that is some of the uncertainty that we are facing with this project.

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**Bård Pedersen** - Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations

Alastair Syme, Citi.

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**Alastair Syme** - Citi Infrastructure Investments LLC - Analyst

Just one question really to Anders. I just wanted to reflect on the journey that Equinor has been on in recent years with respect to the transition. Because you are signaling today a further scaling back and ambitions with a lower CapEx.

And look, I know you're not alone in doing this in the industry, but if I go back a few years ago, you had outlined a competitive position where Equinor could be differentiated in the transition space. So I guess my question is what are your reflections on this journey, and what do you think has happened that is different to what you anticipated several years ago?

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**Anders Opedal** - Equinor ASA - President, Chief Executive Officer

Thank you. That's a really, it's a really good question. And I think kind of this is where, what we were saying today, that we are signaling a consistency. We have, over the last five years, been extremely consistent in our communication around oil and gas, and how we will develop the oil and gas portfolio, optimize it, and we have delivered on that. And but we also had a different market view on offshore wind and transportation and storage of CO2 in particular. This is where we had experience. We saw a market growing for transportation and storage of CO2 going faster than we actually have seen.

For instance, also for hydrogen, a couple of years ago, we actually had head of terms contracts with customers. Those have been cancelled, meaning that we have not been able to progress a lot of these projects within that area. But keeping in mind, we were able to do been able to do Northern Lights, Northern Lights phase two, and Northern Endurance. So we see now that the licensing for or support regimes and applications for capturing CO2 goes slower, despite that the framework and the laws are much more in favour of CO2 now than it was before.

So to summarize very quickly, we had a different market view some years ago, based on real discussions with governments and potential customers than we have today. Three, four years ago, customers called us to buy natural gas and was also asking for potential hydrogen and transportation and storage of CO2. Today, they continue to buy natural gas, but they have postponed their own targets for reducing emissions beyond 2030.

Some years ago, when everyone had a 2030 target, much more focus from customers to have this market up and running very fast. Now, with different targets beyond 2030, to collect enough CO2 to have long-term contracts, we have found it very difficult. That's why we are allocating no more CapEx into that area due to the market conditions. So that is what had happened. And we have focused on business to business with hard-to-abate industry that has postponed the targets.

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

Irene Himona, Bernstein.

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**Irene Himona** - *Sanford C Bernstein & Co LLC - Equity Analyst*

Thank you very much. Good morning. My first question is, one of clarification, really. You, you referred to your objective to build an integrated power portfolio. Typically, when your peers refer to integrated power, they mean essentially adding gas-fired, power generation to renewables. So I wanted to ask, what does integrated power mean for you, and how does Ørsted fit in that?

My second question, just going back to the share buyback. Previously, in the past, you had guided to a long-term, sustainable through the cycle share buyback of around about \$2 billion. Today, you lowered that to \$1.5 billion. I'm just trying to understand what has changed between then and now, essentially. Thank you.

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**Anders Opedal** - *Equinor ASA - President, Chief Executive Officer*

You can start with that, Torgrim, and I'll do the integrated power.

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**Torgrim Reitan** - *Equinor ASA - Chief Financial Officer, Executive Vice President*

Okay. Thanks. Thanks, Irene. So, well, we have said at the earlier years, \$1.2 billion as sort of the, the sustainable level in a way. So \$1.5 billion is actually above that. We retired the \$1.2 billion a bit back.

To give a little bit more context, Irene, it's the concept of having a stable share buyback through a cycle comes a little bit theoretical. We just coming out of a super cycle, and we have returned \$54 billion over the last three years based on that, in a way. So where we are now, we are actually the first year where the balance sheet is normalized, and we aim to manage within our means.

So the number that we put forward today is \$1.5 billion. We are leaning on the balance sheet this year, but you have seen the in 2027. So we want to sort of give you an outlook for over a couple of years here. So the way you should think about share buyback is that it is a natural part of the capital distribution. It is something that is regular and is on top of the cash dividend. And the cash dividend, you should see, consider as bankable. Share buyback clearly will be more dependent on macro environment as we move forward.

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**Anders Opedal** - *Equinor ASA - President, Chief Executive Officer*

When it comes to integrated power, for us, that means both intermittent power, like offshore wind, onshore wind, solar, in addition to flexible power, batteries, and CCGTs. We do have exposure in all of this. We have gas to power in UK. We have battery in Poland, and onshore and offshore and solar. This was divided in different business area. Now everything is integrated into one business area, Power, and then we have Danske Commodities that are able to integrate this totality and add additional value to this.

Having said that, the priority with an integrated power over the next year is to deliver on the already sanctioned projects. From that, we are able to, potentially if we have the right investment opportunity, to expand further on the integrated power. But of course, with our gas position, in Europe and US, we are, of course, well-positioned also, for gas to power if we see the right opportunities in the future.

Ørsted, and working together with Ørsted, and collaboration with Orsted, as we have said fits into this type of integrated power. We can be exposed in offshore wind, in different ways, and working together with Ørsted, collaborating with Ørsted, yeah, will fit into an integrated power, in different types of potential structures.

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

Paul Redman, BNP Paribas.

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**Paul Redman** - *Exane Bnp Paribas - Analyst*

Great. Thank you very much for your time today, guys. My first question is just, how do you think about growth at Equinor? The reason I ask that question is, at the Capital Markets Day last year, you highlighted a flat to declining production 2026 plus, and I'm assuming that included some Vaca Muerta production as well. You're heavily cutting the renewable portfolio spend. So just how do we think about growth going forward from here?

And then secondly, when I look at MMP, I guess the long term -- well, the annual guidance was \$1.6 billion, \$400 million a quarter. You've generated about \$1.25 billion to \$1.3 billion for the quarter, if I take out the long-term gas contract review from this quarter. Is there any reason the guidance isn't updated, and how should we think about MMP going forward? Thank you.

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**Anders Opedal** - *Equinor ASA - President, Chief Executive Officer*

I'll start with the growth, and we divide it, so you can take the MMP. Let's start with the renewables. We have said that we don't want to invest more than what we have already sanctioned, but that will create the growth. We had 45.5% growth quarter to quarter on the renewables business this year, 25% in 2025. So still growth in integrated power over the next year. And then, as I said, we will have to think how we can create a further profitable and disciplined growth into that area.

When it comes to the international business, we have repositioned that portfolio, and you can expect from today's level towards 2030, growing this production towards 900 million barrels a day. So it's clearly a growth in there, growth in production, growth in free cashflow.

On the Norwegian Continental Shelf, we will continue to explore. It will be difficult to create further growth in on the Norwegian Continental Shelf, but we have received attractive acreage. We will drill 26 exploration wells on the Norwegian Continental Shelf next year.

We're working on reducing the time from exploration to production from five to seven years to two to three years, enabling more efficiency to be able to keep the production at highest possible level on the Norwegian Continental Shelf, and growing free cash flow from that portfolio. That is what we are aiming for Norwegian Continental Shelf, internationally and integrated power.

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**Torggrim Reitan** - *Equinor ASA - Chief Financial Officer, Executive Vice President*

Thanks, Paul. On MMP, so if you strip away the price review, you get to around \$400 million in the fourth quarter, which is very much around sort of what we guide at. So that's sort of what you should, in a way, expect on a quarterly basis. However, there will be fluctuations as you very well know. What typically drives results are volatility in commodity markets and also contango versus backwardation.

I can give you one example, actually, from January, where there has been a lot of volatility in the gas market. And in Europe, we have a 70% day ahead exposure and a 30% month ahead exposure. So you can rest assured that sort of the spikes you have seen in January, it finds its way to our P&L in Europe.

In the US, we don't sort of have a firm exposure that we want, but clearly the traders keep a certain part open. So when going into January, in the US, our traders left 30% exposed to the prompt or the cash prices. So, at the most extreme, for instance, the in-basin price for our Marcellus gas was \$60 per MBtu, and we took that. And then we have a transportation capacity into New York, actually coming up at Penn Station. And we achieved more than \$100 per MBtu that weekend.

Just examples of when you see volatility, you should expect us to be able to get it in a way. So that's why these results typically fluctuates.

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

Vidar Lyngvaer, Danske Bank.

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**Vidar Skogset Lyngvaer** - *Danske Markets Equities - Analyst*

Thank you. First, just another clarification on the renewable spending in 2027. You're reducing CapEx by \$4 billion. I get the tax credit part. Could you add some more color on where the, the remaining cut comes from?

Second, Johan Sverdrup, you mentioned the decline rates there. Are those exit to exit, so exit 2025 to exit 2026, or is it average, production decline in 2026 versus average in 2025? Thank you.

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**Anders Opedal** - *Equinor ASA - President, Chief Executive Officer*

Johan Sverdrup, exit to exit or --

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**Torggrim Reitan** - *Equinor ASA - Chief Financial Officer, Executive Vice President*

You know, let's come back to the specifics on that, but I do think it is you when you compare sort of the last year production with next year production. Just, yeah, and I see my team is nodding there, so that is the way it works. Yeah.

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**Anders Opedal** - *Equinor ASA - President, Chief Executive Officer*

Yeah, a little bit more color to this. As I answered earlier, we had a different market view. So we had, for instance, potential hydrogen project, transportation of CCS project in the CapEx outlook that we showed last year. Those projects are not materializing.

In addition, we have reduced our onshore renewable CapEx as well, and in total, this adds up to those \$4 billion, and together with also with the ITC, as you have seen.

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

Steffen Evjen, DNB Carnegie.

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**Steffen Evjen** - *DNB Carnegie Investment Bank AB - Analyst*

Thanks for taking my question. On the ITC, just could you please remind me on the milestones that are required for that payment to come in, in terms of first power and any other things that has to be fulfilled?

My second question is just a clarification on Adura. I think you said \$1 billion in dividends. Is that your share or is that the total share to both shareholders? Thanks.

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**Anders Opedal** - Equinor ASA - President, Chief Executive Officer

It's our share, and then the ITC.

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**Torgrim Reitan** - Equinor ASA - Chief Financial Officer, Executive Vice President

ITC, yeah. So the way it works is that you can recognize it when you start production, and sort of that is on a scale as you continue to start up the various turbines. So what we have assumed is that we recognize all of this in 2027, because that's sort of the plan. There is an upside that there is some ITCs recognized in 2026. We haven't based our analysis on it. So that is sort of the recognition part. And then there is so what is the cash flow impact of it? And it will take some time from we recognize it to the cash flow is in our account.

What you see on the slide is that we have assumed \$2 billion impact of the ITC in 2027, while the total number, the absolute number, is \$2.5 billion. That's sort of give you a little bit of a perspective around this. It is a significant financial operations to manage all of this, as you would know, but there is a large and growing market for ITC, and a well-functioning market in the US for this.

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**Bård Pedersen** - Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations

Martijn Rats, Morgan Stanley.

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**Martijn Rats** - Morgan Stanley - Analyst

Yeah, good morning. I've got two, if I may. I wanted to ask you, again, about the CapEx reductions. I know there have been a few questions about it already, but, when, Equinor took the initial 10% stake, in Ørsted, very soon thereafter, we also had a, a reduction in the CapEx outlook for offshore wind renewables in general. And in many ways, that had the character, therefore, when you put these two things together, it's like, well, we do less organically and we do more inorganically. It was sort of a -- not a total reduction, but it had an element of we're swapping one type of spending for another type of spending.

And I was wondering, how we should interpret, this reduction, in CapEx on this occasion. If power and low carbon CapEx goes down, is that -- should we interpret that as well the company's just gonna do less of that stuff? Or should we anticipate that in the fullness of time, this also turns out to be a swap? Yeah, well, less organic but more inorganic. I was hoping you could say a few things about that.

And then the other question I wanted to ask is about the 10% OpEx and SG&A reduction target. Like, 10% in a single year is quite a significant amount, and also because of, yeah Equinor has already been very focused on that for some time. I was positively surprised that there are still sort of that type of opportunity available.

Could you talk a little bit about the key levers, where that spending can be reduced? And also, just for the avoidance of doubt, 10%, how does that translate into, into absolute sort of absolute dollar amounts? That would be helpful.

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**Anders Opedal** - Equinor ASA - President, Chief Executive Officer

Let's start with that question first, then, Torgrim.

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**Torgrim Reitan** - Equinor ASA - Chief Financial Officer, Executive Vice President

Okay, thanks. Thanks, Martin. So on the 10% reduction. So, over the last years, we have been able to maintain OpEx and SG&A flat, even if we have grown our production and despite the inflation. So our people and organization has done a good job.

Next year, we expect that number to come down by 10%. That is a very big number. However, it is a significant impact of the divestment of Peregrino and the establishment of Adura that will be equity accounted. So the reported numbers will be down 10%, but when you adjust for structural changes, we expect to maintain OpEx and SG&A flat, growing by 3% and still inflation. So this comes from many sources.

First of all, activity level. Clearly, we have taken down and prioritized that very hard. That has a direct impact on it. We have taken down early phase costs significantly in the portfolio, also a significant contributor. Staffs are continued to high grade and take out efficiencies, and then the business areas are clearly working on this.

So, but on your question, is there more to come? And the answer is yes, we are never satisfied with where we are on this. And I can give you two examples of what to come. One is the work around NCS 2035. We do see a significant cost impact of that. So we hope to show more on that in June. The other one is actually artificial intelligence.

So we have already seen that in our numbers, NOK1 billion or so, which is good. However, this is early days, and we do believe that with our large operations and our ability to take out effect across assets, that AI can really be a significant contributor to further cost improvements. So we'll continue to fight and work this, and but the 10% is clearly colored by the inorganic moves we have done.

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**Anders Opedal** - Equinor ASA - President, Chief Executive Officer

Yeah. So, thank you for that CapEx question, Martin. And let me elaborate a little bit how I think around this. Because you've probably seen now that several times, we have taken down the renewables and low-carbon solution CapEx. And it's not necessarily because we have done any inorganic moves. It's also because we have not been successful in some of the bidding because we have raised the bar for winning future CFDs. And a couple of years ago, we had several projects inside our CapEx outlook that is now not inside the CapEx outlook due to deliberately not being successful in those auctions.

So a more positive view some years ago, as we said, during the Østed transaction, acquisition of 10%, we found it more value creating at that point in time, to do an inorganic move than to do an organic move. This, we have further taken down the CapEx for offshore wind, but also on onshore renewables. A couple of years ago, and last year, we had a much more positive market view and direct discussions with customers for CO2 Highway and the hydrogen project in Eemshaven, which are now pushed further out in time. And actually, the hydrogen projects in Eemshaven is stopped before FEED, and we will not move forward.

In these areas, I don't think there are many inorganic moves to be done that will create value. So you should not expect us to work much on this. We will continue to work on being a leading company in terms of transportation and storage of CO2, building on Northern Lights one, two, and Endurance. But we will not make investments before we see we have long-term contracts, we have seen costs coming down, and we see profitable projects. That means that there needs to be a better market than we see today.

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**Bård Pedersen** - Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations

Naisheng Cui, Barclays.

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**Naisheng Cui** - Barclays Services Corp - Equity Analyst

Hey, good afternoon, everyone. Two questions, please. The first one is on your upstream reserve life. I wonder, how do you think about reasonable level of upstream reserve life in the medium to long run place, could better technologies like AI to help extend this?

Then my second question is on Ørsted. I think earlier you mentioned that you could collaborate more with Ørsted, in kind of different types of potential structures, and I wonder if you could elaborate what you mean by the potential structures. Thank you.

**Anders Opedal** - Equinor ASA - President, Chief Executive Officer

Well, you have seen what we have done, just an example with Shell in the UK. There's always a way to work together to create value for both shareholders. But there is no discussion at the moment, but we see that a further collaboration with Ørsted could benefit both companies, but nothing new to elaborate today. When it comes to reserve life, I think this will also, the R over P, will be affected in the years to come, that we have many more exploration wells, smaller discoveries, and faster time from discoveries to production.

Meaning that the R over P will be lower than traditionally when we had the big elephants on the Norwegian Continental Shelf. At the same time, we are comfortable with our R over P where we see it today around seven because we have so many exploration wells, we have discoveries. And last year we had 14 discoveries, adding in total 125 million barrels in new resources. Lofn and Langemann, which is in Sleipner area, is in an area where we thought there was nothing more to be found. But new technology, new seismic, use of AI has enabled us to make more discoveries. We have seen the same in the Ringvei Vest area.

So we will continue to implement AI in exploration to ensure that we're able to discover new resources that was overseen in the past that we now can drill and bring to market in a quicker way. And by using AI, not only on exploration, but also in operations and so on, we saved \$130 million last years. And this is accelerating, so as Torgrim said earlier, we are really focusing on implementing AI to create value in the company. And this is something that you will hear more about in the future.

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**Bård Pedersen** - Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations

Jason Gabelman, TD Cowen.

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**Jason Gabelman** - Cowen and Company LLC - Analyst

I wanted to first go back to the Empire Wind guidance, and I'm wondering if the \$600 million of cash flow is that what Equinor expects to receive, or are there going to be some repayments on the project financing that are going to minimize that in the earlier years? And I wonder if you have a similar number for the Dogger projects.

And then my follow-up is just on kind of broader exploration opportunities beyond what you've discussed. And we've seen companies kind of going back into regions where fiscal terms have improved, like the Middle East and West Africa. I wonder if you look at those regions as potential opportunities, for the company to exploit, or given kind of a lack of footprint in those regions, is it not a core focus? Thanks.

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**Anders Opedal** - Equinor ASA - President, Chief Executive Officer

Yeah. I'll start with that question and you can do the \$600 million and the synergy effects there. So, basically, what you have seen, what we have done, in the international oil and gas portfolio, is to focus it. We were in 30 to 40 countries, high cost, high exploration cost, and we have concluded that we were not successful with that strategy, adding too much cost and too little of progress in putting new resources into the inventory.

So, we have worked very hard to focus and building an attractive exploration portfolio in those focused areas, like in Angola, in Brazil, and in US offshore. Of course, Bay du Nord off East Canada, we're working on the Bay du Nord field, where this will also have attractive exploration opportunities around it, similar to what we see on Castberg and all other new fields.

Then, of course, we will, of course, always be open for ideas and value-adding exploration activity outside this core, but the bar is high. We will not have a global exploration strategy moving around in all parts of the world. We have areas where we see now we have learned the basin, we have experience, and we think we can expand quite a lot on that one. Brazil, for one instance by Bacalhau, the Raia, we have an attractive exploration opportunities there now. The neighbour block to the Bumerangue discoveries for BP. We have a block close to Raia,

and we're maturing up to see what kind of exploration program we can have in that area. And in this year, we will actually also drill exploration wells in Angola.

So, we are curious about other areas, but we'll have most of our focus in the focused area.

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**Torgrim Reitan** - *Equinor ASA - Chief Financial Officer, Executive Vice President*

And then, Jason, on the \$600 million in cash flow related to Empire Wind, that is related to our equity. As such, there's no sort of money of that goes to the lenders. A couple of things: there is a portfolio effect in addition to the cash flow within the project. And that is related to that the depreciation that we have in Empire Wind goes into the IFRS results, and the minimum tax in the US is based on IFRS results. So it sort of reduces the minimum tax payments in the States. So there's a portfolio effect coming on top of the direct cash flow in the project.

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

Just to clarify, in the CFFO, the interest payment is included, but not the payment to the lenders, as you have said, Torgrim?

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**Torgrim Reitan** - *Equinor ASA - Chief Financial Officer, Executive Vice President*

Yeah.

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

Kim Fustier, HSBC.

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**Kim Fustier** - *Hsbc International - Analyst*

Hi, good afternoon. Thanks for taking my questions. I had a couple on the NCS, please. Firstly, I believe that back in November, you announced a reorganization of your NCS business along centralized functional lines, like subsea drilling, et cetera. Could you give a bit more color on this, and how does that move help to set you up for a future on the NCS with fewer big developments, but more small developments?

And then secondly, could you give an update on a couple of pre-FID projects, Wisting and Bay du Nord in Canada, where there seems to have been some technical progress lately. Thank you.

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**Anders Opedal** - *Equinor ASA - President, Chief Executive Officer*

Yes. Thank you. So the Norwegian continental shelf is changing. With after Johan Sverdrup and Bacalhau, we have, as I said, much more smaller discoveries, smaller fields. Most of the developments will be now subsea tie-in projects.

We actually have 75 of those in our portfolio over the next 10 years. So it's about making sure that we're able to execute on these projects faster. We are going -- that we can drill more exploration well faster, and we can create more value. So then we have actually started with looking into how we work. how is our work processes, all the way from working together with partners, internal approval processes, field development processes for subsea tie-in and so on.

We have looked at 70 work processes, how to -- from drilling to development and so on. We have simplified those work processes, and we have looked at them together such that all these processes are streamlined end to end. And just to say a change that I will do, instead of

making seven, eight individual decisions on these projects one by one, we will group the decision. And twice a year, I will make a lump decision of several projects, enabling faster decision-making processes and ensure that we're able to move this project faster.

Based on changing the way we work, we are also reorganizing both the project organization, the drilling organization and the operation units on the Norwegian Continental Shelf, not offshore, but all the onshore function, enabling to work according to the new simplified work processes. So this is actually one of the largest changes we have done developing the Norwegian continental shelf since we established the Statoil Hydro company and merged Statoil Hydro back in 2007, 2008. So it's actually changing the way we work because the geology and the reserves on the Norwegian continental shelf changes. And what do we want to achieve? Well, we want to move time from discovery to production from five to seven years to two to three years, and we need to increase the volumes that we are able to find during exploration, meaning that we need a 200-300 efficiency gains on the Norwegian continental shelf.

When it comes to Wisting, this is far in the north in the Barents Sea, challenging projects. We're working hard to simplify it. We have made a lot of progress in that respect. We will work on concluding on the concept during first half of 2026 or in 2026 and then move towards hopefully a DG3 during 2027. But let me underline this.

We are not schedule driven. This is a project where we have to make sure that this is the right project, right financial, right breakeven, NPV, and we have everything in place because this is a very, very challenging project. On the Bay de Nord, we are approaching also a concept selection at what we call Decision Gate 2. We have a good engagement with local authorities and the government of Canada, so we can work together. This is a very good project.

We have worked well together with suppliers for a long time to take down the cost and the breakeven as much as possible. And if we are successful now over the next months, then we can bring it towards an investment decision over the next years. And both these projects, if we are successful, will contribute to high production beyond 2030.

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**Bård Pedersen** - Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations

Chris Kuplent, Bank of America.

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**Christopher Kuplent** - Bofa Merrill Lynch Asset Holdings Inc - Analyst

I'll keep it to one question for Torgrim, and please forgive me for some quick mental math. But when you set your \$1.5 billion buyback, are you effectively arguing over the course of '26 and '27, considering the lumps and bumps in your CFFO as well as CapEx, you're targeting to be free cash flow neutral after dividends and buybacks. Am I putting too many words in your mouth? Or is that a fair characterization of what you're trying to do over the next two years?

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**Torgrim Reitan** - Equinor ASA - Chief Financial Officer, Executive Vice President

Well, Chris, I think I need to be very precise here. So I mean, you're on to it. So clearly, you should look across those two years when you think about sort of our free cash flow generation that we have available to cash dividend and share buyback. We aim to run with a solid balance sheet. However, we are going to lean on the balance sheet in '26, well aware that next year is a larger free cash flow.

So it makes sense to look across those two years. And we have done that when we have set the share buyback level for '26, we have.

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**Bård Pedersen** - Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations

Matt Lofting, JPMorgan.

**Matthew Lofting** - *JPMorgan Chase & Co - Analyst*

Just one on Empire Wind and read-throughs filed. I mean it seems Equinor has done a good job keeping the project execution on track amid the past hold orders. But I just wonder how the company reflects on implications from this and having retained 100% equity stake through it for best assessing risk management and risk-adjusted returns, let's say, on future capital allocations. Are there learnings that are emerging from Empire Wind for optimal sizing, taking into account perhaps above as well as belowground factors?

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**Anders Opedal** - *Equinor ASA - President, Chief Executive Officer*

Thank you. That's a really good question. And yes, this is definitely something to reflect on. And we normally don't take 100% in any license, not on oil and gas and not in offshore wind. But due to a deal with BP, they took some and we took this.

We derisked it somewhat with higher strike prices with a financing package. And then as you have seen, the political risk with the new administration was higher than anticipated. This is a trend we see now in several countries that energy investments are more and more politicalized and polarized.

And we see it in Norway. We see it in UK, we see it in US. And definitely, for us, this brings some reflections about what is the above-ground risk you can take. And for myself, I reflected quite a lot about to see bipartisan support for future projects. If there is a kind of a strong division for potential projects, then we need to think twice and really understand the political risk. And this is something new. It's not only in US. This is something new that we have seen lately in several countries.

And kind of we need to adapt the learning, and we need to bring into future decision processes definitely. Very important question you raised there. And with the political changes we have seen, which were kind of outweighed all the other factors that was reducing the risk, we would have probably thought differently about Empire Wind in the past.

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

James Carmichael, Berenberg.

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**James Carmichael** - *Joh Berenberg Gossler & Co KG - Analyst*

Just one last quick one, I think. Just again on Empire Wind. I was just wondering if you could clarify your sort of best case estimate on the timing of the underlying court case and when we might be able to sort of put any uncertainty to bed, around sort of future hold orders, et cetera.

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**Anders Opedal** - *Equinor ASA - President, Chief Executive Officer*

Yes. This is a little bit early to say kind of because it's a judge in US to decide that timing when this -- the merits of the case will come up for the court. There's been indication that will happen fairly quick with some couple of months, and that gives us opportunity to elaborate on the case in a good way. I just want to also remind you that all the four other operators we're doing exactly the same thing, challenging this in court and all of them were granted a preliminary injunction.

We mean that this stop-work order was unlawful. And at least with so consistent preliminary injunction, I think also we have a strong case moving forward. But I'm an engineer and not a lawyer. So -- but yes, we are moving forward with a strong belief that we will have a good case in the court, strong case.

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**Bård Pedersen** - *Equinor ASA - Senior vice president Equinor, Norway Head of Investor Relations*

Thank you. I would like to thank you all for participating and for asking your questions. We didn't manage all the way through the list, but I want to be respectful for everybody's time. And as always, the Investor Relations team remain available for any follow-up questions during today or later in the week. Have a good afternoon, everybody, and thank you for joining.

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