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EDITED TRANSCRIPT

EQNR.OL - Q4 2022 Equinor ASA Earnings Call and Capital Markets Update

EVENT DATE/TIME: FEBRUARY 08, 2023 / 12:00PM GMT

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PRESENTATION

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

Ladies and gentlemen, good afternoon. It is our pleasure to welcome you all to the presentation of Equinor's Fourth Quarter and Full Year Results for 2022 and our Capital Markets Update.

My name is Bård Glad Pedersen. I am, since December last year, heading up the Investor Relations team in Equinor. We have looked forward to engage with you all, and I will soon take you through the program for today.

But safety first. If an emergency situation occurs, while we are here, the evacuation signal is a voice announcement. We will only evacuate if the announcement say that we should do so. Then please follow the marked fire exits and the instructions from the guards. Exiting is at the ground floor and the venue staff will show you to the assembly point.

Today, we will have 3 presentations here in the plenary session. First of all, it's Anders Opedal, our CEO; then our EVP for MMP, Irene Rummelhoff will present before the session is concluded with Torgrim Reitan, our CFO.

After the presentations, there will be a Q&A session, where the 3 presenters will be on stage and also the CEC is here and available to respond.

Following that, you are all invited to join us for lunch. And for those of you who have signed up, there are breakout sessions with the EVPs for EPN, EPI, REN, MMP, PDP and TDI afterwards. They will all give short introductions and will be ready to answer your questions.

Finally, let me remind you that all the presentations here today are subject to the forward-looking statements that are included. Then Anders, we are ready to start, and the floor is yours.

Anders Opedal - Equinor ASA - President & CEO

Thank you, Bård. And it's really good to see you all. And to me, it's a pleasure to welcome you finally here in London for our Capital Markets Update. And I and my team, we are really looking forward to share our financial results and the progress on strategy and ambitions.

2022 was a special year. The war in Europe still causes human suffering and has disrupted the energy markets, contributing to inflation and a cost-of-living crisis. In Europe, this year marks a shift as we move forward, not relying on Russian oil and gas. Equinor responded quickly, and we are well positioned to be a part of the solution. Short term, deliver the energy needed; longer term, to build up sustainable energy sources contributing to energy security and decarbonization. Our milestone this year is the start-up of the Dogger Bank, the world's largest offshore wind farm here in U.K.

This leads me to the topic of the day, how we will deliver strong returns through the transition. Our strategy remains firm, creating value on the way to net zero. We are progressing on optimizing oil and gas, high-value growth in renewables and developing market opportunities in low-carbon solutions.

Position for high value creation, we expect a strong and resilient cash flow. In a \$70 Brent scenario, we expect to deliver a very strong cash flow from operations. On average, around USD 20 billion after tax annually all the way to 2030. We estimate an annual return of capital employed above 15% towards 2030. This strong outlook annually, \$20 billion after-tax and solid financial position, funds increased capital distribution and continued investments in profitable projects.

For fourth quarter 2022, we stepped up our capital distribution and propose a 50% increase in the ordinary cash dividend to \$0.30 per share. In combination with extraordinary dividend and share buyback, we expect a total distribution to shareholders of around \$17 billion for 2023. I will revert to this, but let me first present our results.

On safety, we have achieved improvements on key indicators over several years. Our serious incident frequency of 0.4 was stable from 2021, the best level ever so far. We had no serious well control incidents and hydrocarbon leakages are down. Total injury frequency was 2.5. We continue with our clear goal. All our people returning safely home from work every day.

Last year, we enhanced security within cyber and for our assets, stricter security protocol, more training and closer collaboration with authorities. All of this to safeguard our people, operations, and security of supply for our customers. Sustainability is all about making progress for society. We are committed to creating local value and equal opportunities and protecting the environment.

In 2022, we responded to the energy security situation by boosting our gas production and shipping more crude to Europe. I'm really proud of the hard work from colleagues to ensure safe and efficient supply of energy. This is a true team effort.

And during the year, 2,600 new colleagues joined Equinor replacing and renewing competence, demonstrating our attractiveness in a tight labor market. Last year, we delivered strong operational performance. 5 new fields on stream at a capacity of more than 200,000 barrels per day, around half of this from Johan Sverdrup Phase 2. In addition, we have put our floating wind farm, Hywind Tampen in production on NCS.

We delivered net operating income of \$79 billion and adjusted earnings of \$75 billion. This clearly demonstrates our ability to capture value from high prices and volatile markets. Our free cash flow before capital distribution came in at \$32 billion. The earnings brought -- these earnings brought return on capital employed to 55%.

Across the portfolio, we have progressed on projects to reduce our own emissions. Our CO2 intensity ended at 6.9, well below half the industry average. We are progressing our projects for decarbonization with CO2 transport and storage. Including the Smeaheia license on NCS awarded last year, we have our acreage to store around 30 million tonnes CO2 annually.

Our strong cash flow outlook, continued capital discipline and robust balance sheet is the basis for the increase in capital distribution. To me, it is important that the step-up provides highly competitive distribution for 2023 and increase predictability and commitment in the long run. The Board proposes a 50% increase of the ordinary cash dividend from \$0.20 to \$0.30 per share from the fourth quarter. Our dividend policy remains firm. We expect to increase the annual ordinary cash dividend in line with long-term underlying earnings now from a higher base.

In addition to the ordinary cash dividend, now above pre-COVID levels, share buyback are an integrated part of our ordinary capital distribution. We continued the program we introduced back in June 2021 of \$1.2 billion per year.

The record earnings last year and our strong financial position also enables extraordinary distribution to shareholders in 2023. We proposed an extraordinary cash dividend of \$0.60 per share for fourth quarter. This will bring total quarterly cash dividend to \$0.90 per share subject to AGM approval. The Board is clear in its intention to maintain this level for the first 3 quarters of 2023.

In addition, we proposed an extraordinary buyback of shares of \$4.8 billion, making it \$6 billion for the year. In total, this leads to a capital distribution to shareholders of around \$17 billion in 2023.

We are in a unique position to create value, providing energy security and decarbonization, on liquids, gas and power production. Our liquids gas and power production is high, but far exceeded by the volumes we sell and trade. Last year, we sold more than 800 million barrels of liquids, 100 BCMs of gas and traded more than 175 terawatt hours of power. We optimize and create value from production, our infrastructure and the volumes we sell and trade.

On top of this, we will provide decarbonization through CCS and hydrogen. We leverage our full portfolio as we seek to develop new value chains with industrial partners and customers.

Going forward, we are set to continue capturing high value from volatile and tight markets. On back of this, we increased our guiding for marketing, midstream and processing by 60%. Creating and capturing value across our business, we estimate our free cash flow over the 4 years to 2026 of around \$25 billion.

We will continue to develop our profitable oil and gas portfolio. Last year, we sanctioned 13 projects, adding around 600 million barrels in reserves. We keep on exploring with around 35 exploration wells planned this year. In 2023, we estimate a 3% production increase. By the end of the decade, we expect the production to be on par with today, while delivering a 50% reduction in our emissions. The estimated production will secure long-term supply of gas from NCS to Europe. We expect the average annual production to be above 40 Bcms throughout the decade. And our piped gas to Europe have less than 1/5 of the CO2 intensity compared to LNG imports.

Our Norwegian portfolio is the backbone of the company, and we continue developing assets, increasing value creation. Internationally, we have further focused our portfolio with a clear mindset of value over volume.

Kjetil and Philippe will show you how our Norwegian and International portfolio are set to deliver strong cash flow to 2030 and beyond. Our oil and gas business is robust and cash flow neutral at around \$30 per barrel, and we continue to improve.

Our projects in execution have reduced costs since investment decision despite inflation. Hege and Geir will talk about execution excellence and how we manage cost and create value through technology implementation.

Across the full company, including renewables and low carbon solutions, we plan to invest \$10 billion to \$11 billion in 2023 and around \$13 billion annually from '24 to '26. No company, including Equinor, is shielded from the inflation and cost pressure in our industry. Capital discipline and cost management is high on our agenda, and we take firm actions. We use flexibility and optionality in our portfolio. We collaborate closely with suppliers, and we use new technology to reduce cost and increase production.

From this year and until 2026, we expect unit production costs for oil and gas below \$6. We continue to work to manage costs and mitigate inflation, and Torgrim will provide more details on this.

Profitability is at the core as we grow in renewables. This is demanding and will require discipline. As history shows, we have won bids at price level supportive of value creation, also making us more robust towards impairments. Our California lease serves as a new demonstration. Our farmdowns have been at high price levels, capturing the benefit of early access. We maintain our expectation of projects return of 4% to 8% real.

As projects start production, power generation will grow rapidly, and we have the optionality to prioritize the projects, bringing the best returns. We expect to grow our annual production from the 1.6 terawatt hours today to between 35 terawatt hours and 60 terawatt hours in 2030.

Pål and Helge will show you how we will further increase value creation from this. We remain firm on strategy, but flexible on execution and continue putting value over volume.

Equinor has safely stored CO₂ for almost 30 years at the Sleipner field. We introduced low-carbon solutions as a part of our corporate strategy in 2021. Since then, we have made strong progress. We are taking the lead in developing the North Sea as a hub for commercial carbon storage. And we are on track to store 15 million to 30 million tonnes CO₂ per year by 2035.

For our projects and plans in Europe and U.S., the recent policy developments will strengthen the commercial potential. We see growing interest in CO₂ storage and hydrogen from industrial customers. Irene will give more details, but let me share a few highlights.

Last summer, Northern Lights on Norwegian Continental Shelf signed the first commercial agreement. In U.K., our East Coast cluster was shortlisted in the government clustering process. And in January, we announced a cooperation with RWE in Germany for energy security and decarbonization. Together, we aim to help Germany transition from coal to gas to low-carbon hydrogen and finally, hydrogen from renewables. We are collaborating on new value chains in several industrial clusters. By 2035, we aim to have 3 to 5 clean hydrogen projects.

The energy transition will be demanding with difficult dilemmas. We believe in a balanced transition and Equinor must solve for three things, reduce emission for ourselves and our customers, build up new energy sources and secure reliable energy. We will work hard to deliver on this, but at the same time, create value for shareholders and society. We continue to cut emissions from operations. Since 2015, we have cut almost 30% of our emissions on the way to net 50% reduction in 2030.

The share of gross investments in renewable and low carbon is on track to our 30% share by 2025 and progressing towards -- with more than 50% in 2030. We are also progressing on our energy transition plan and remain committed to the ambition of net zero.

So let me sum up. We are uniquely positioned to create value and strong cash flow on average around \$20 billion after tax per year towards 2030. We reaffirm our commitment and step up capital distribution while investing in our profitable portfolio. We can deliver the energy needed while driving the transition to a low carbon future.

So thank you, everyone, for the attention. And I look forward to the question later. But first, Irene, happy birthday, and the floor is yours.

Irene Rummelhoff - Equinor ASA - EVP of Marketing, Midstream & Processing

Just hoping to keep that a secret. But there you go. Well, thank you, Anders, and it's really good to see you all. I'll cover 3 topics today. I'll share some reflections on the gas market, then I'll explain why we upped our guidance. And then thirdly, I'll talk about and convince you that we're uniquely positioned to develop low carbon value chains.

So first, the gas market. You all know what happened to the Russian volumes last year and how here have managed to replace them through increased exports from Norway, severe demand reduction, but also very costly LNG imports. Lately, we've seen some relief, a relief that is directly correlated to the fact that we're in the midst of one of the warmest winters on record in Europe, and we actually saw demand reduction at 32% in January.

So now the gas market is all about preparing for next winter. And we do believe that it's likely that storages will be built come November at the EU target or above 90%. But that requires continued demand reduction and high LNG imports levels. However, real relief will only come into this market beyond 2026, when we expect significant volumes coming in from US (corrected by company after the call) and Qatar.

So in the meantime, the market will remain fundamentally tight and nervous, as my boss said earlier today. And I think there maybe the 3 most or the biggest uncertainties to watch out for our weather, weather in Europe, weather in Asia, we saw how impactful this was this winter. Then it is also quite interesting to see whether, for instance, industrial demand will come up again, now that we've kind of landed at a dampened level. And the supply interruptions is always something to look out for, particularly in such a tight market.

Going forward, we expect massive investments in renewables. If you couple that with the rapidly changing weather patterns, you will need energy storage. And the call up on flexible gas is expected to be significant. And I think a very illustrative example is what happened in Germany this winter. Between a cold day in December 13 and a warm and windy day on January 4, the difference in store between storage injection versus withdrawals, with 260 million cubic meters. And that's actually equivalent to all the gas that we export from Norway on a normal day. Volatility is something that me and my team, we've talked about for quite some time. We expected it, and we have prepared for it.

Back in 2019, we changed our gas sales strategy, and we're basically now selling all our gas on spot indexation. Meaning that we can capture volatility and price spikes like the one we saw in August this summer.

Company comment_ included manually by listening to the uploaded webcast on equinor.com as there were technical issues during the live webcast: This change in strategy has served us, I would say, extremely well over the last a few years. And it's made Equinor earning billions of additional dollars compared to where we would have been with the previous strategy. Also in 2019, we acquired Danske Commodities. We did that to add a muscle that could increase the value of our renewable production. But as importantly, we acquired competence, we acquired IT systems, algo trading capabilities, which is perfectly suited to actively trade around volatility. And I bet you while I have my 15 minutes of fame here on stage today, Danske has put on at least 250 trades.

Let me take a few minutes to talk about trading. Our fundamental trading strategy is what we call asset backed trading. And this is important because this trading philosophy comes with limited downside but significant upside. And I think maybe the best way to illustrate that is to take you through an example. And I will use Emden as a landing point for our gas. In '21, we decided to take on additional capacity towards Emden for the next a few years. When you get to Emden, you can choose whether you route gas to the Dutch market or the German market, basically option value at her hands. On the day-to-day basis the spot market directs where we route the gas, but more interestingly, we can trade around the forward market. So last year, when we saw the spread between the Dutch and the German market develop out on the forward curve, we decide to lock in that value. Then the spread kind of narrowed, we decided to monetise part of that value and create new optionality. And this pattern repeated itself several times, and in the end, we made more than \$ 100 million dollars on that one position that choice to take that additional capacity. Obviously, volatility was extreme last year. But with the algo trading capability we now have in house, it allows us to trade, you know, thousands of times on smaller volatility on the forward curve, meaning that can add significant value as well. The Emden example was, is only one of, I would argue, hundreds or numerous of flexibility, optionality that we have in our portfolio.

And this leads me to the next slide. I guess based on expected high volatility going forward, strong balance sheet, and increasingly flexible portfolio and growing digital capabilities, we have decided to up our MMP results guiding to 400-800. At this point, I would like to add that the great and very capable and super motivated organisation that I have behind me gives even higher confidence in this new level. I know many, at least some of you, do think that our result is a black box so if you allow me a few minutes, I will try to deconstruct some of the elements in our results for you. The first part of the results is made of tariffs and marketing fees. Steady, base income. Mongstad refinery will give a positive contribution as long as the refinery margins are within normal range. Then based on our insights from the physical trading, we do some proprietary paper trading, but that's a limited part of our overall portfolio.

By far, the majority of our incomes comes from trading around option and optimization. This is where we trade around gas storages, where Danske trade around interconnectors between power markets, we trade around the geographical flexibility that we have in our pipeline system. And as for the Emden example, this comes with limited downside but significant upside. And if I were to give another proof point of that, I'd like to draw

your attention to our crude results. We've constantly or consistently delivered positive crude results for the last 15 quarters, independent on contango or backwardated market.

So I hope this little run-through convinced you that at least the lower part of that range is made up of high-quality, low-risk earnings that deserve some higher multiples going forward.

Then initially, I promised to explain why I do think we are uniquely positioned to develop low-carbon value chains. Our strategy is very much centered around industrial clusters in the vicinity of our landing points where we have long-standing relationships and we see significant and material decarbonization potential.

If you look at industries such as steel, cement, fertilizer, chemicals, what is it that they need to be relevant in a low-carbon European future? Well, I would argue they need 3 things. They need base load clean power, they need low-carbon feedstock, and they need CO2 management services. And here, we are perfectly positioned to offer them that.

Through renewable PPAs backed up by flexible power from decarbonized gas-fired power plants, clean feedstock in the form of hydrogen and, of course, our CO2 transportation and storage services.

Earlier in settings like this, I've talked about the Northern Lights, I've talked about what we do together with SSE in the Humber region and Anders gave you some recent highlights. So I will focus in on 2 areas or regions where we made material progress over the last 2 years, Germany and Belgium.

In January, we announced the cooperation with RWE. Very excited about it. We worked hard to get there, whereby we plan to develop 3 gigawatt of hydrogen-ready power plants in Germany. They will be operational in the late '20s. They will replace coal assets, and they will run on Equinor gas with low-carbon footprint.

Gradually, they will transition to run on hydrogen, hydrogen that will be produced from natural gas in Norway. We capture the CO2, store it offshore and then pipe the hydrogen to Germany. Later on, along the route, we will plan to together develop offshore wind assets that could also put green hydrogen or renewable hydrogen into the same infrastructure.

The hydrogen pipeline will serve, obviously, the CCGTs as an anchor customer, but also other industrial customers. Combining I guess, the unique strengths of both RWE and ourselves, makes this a unique value proposition. And we are extremely encouraged by the support that we have received from both the Norwegian and German government in this respect.

In Belgium, we cooperate with ENGIE and Fluxys on a similar value chain. This time, we intend to produce the hydrogen in the Antwerp and Ghent industrial area and transport the CO2 back to Norway.

Again, lots of interest from industrial customers in a very concentrated area, we've already signed several non-binding MoUs. And the size of the -- well, the size of the interest is so significant that we do expect to be able to transport the CO2 via pipeline back to Norway, which will significantly take down the cost of the transportation services.

Again, very important close collaboration with both the Flemish and the Belgian governments and authorities and excited about how we see them working hard to incentivize their own customers to go through with this decarbonization.

SSE, RWE, ENGIE, they are major players in the power market. They have access to sites, they have access to grids. They have local knowledge. They work closely with their hosts, respective host governments. Cooperating with these top-notch players in their home markets allows Equinor to develop a significant flexible power portfolio.

This will also benefit our renewable business. And if you are interested in learning more about this, I suggest you join Pål and Helge in one of the roundtables later today or you should be interested in this.

So to sum up, we do believe market volatility will persist. We believe we are well positioned with our flexible asset positions and our asset-backed trading strategy. Hence, we have decided to up our guidance from \$250 million to \$500 million to \$400 million to \$800 million per quarter. That's quite a mouthful.

And I also do hope that you have seen how we are working hard to mature these low-carbon value chains. And we do attack 4 elements in parallel. And I think maybe that's a little bit of a differentiator with respect to us. We work on the upstream production and storage. We work on the transportation and infrastructure. We work on the customer side and also the political support in parallel. If you don't do that, you will not succeed.

So thank you for your attention and Torgrim, it's your turn.

Torgrim Reitan - Equinor ASA - Executive VP & CFO

So thank you very much, Irene, and thank you all for joining us today. It is very good to see you again, and it is very good to be back as CFO in Equinor. Since my last time around, a lot has changed. But one thing remains constant. Value creation is our top priority. After safety, this is the first priority. And it is always more important than the volume targets. So coming into this role, I have 2 main priorities.

First, that Equinor steers safely through volatility and through these uncertain times and come out as a stronger company. And second, that we continue to be a leading company in the energy transition and deliver cash flow and creating value for shareholders.

Our robust balance sheet and strong cash flow outlook positioned us well to transition in an investor-friendly way. In 2022, we had solid operations. And we contributed to energy security. And at the same time, we delivered record returns and cash flow from operations. We stepped up our capital distribution, and we invested more than ever in the energy transition. So this result does not come for free. My colleagues in Equinor have made significant improvements over the past years, and we are now benefiting from that.

So we're in a good position, and we have a strong balance sheet. But in times like this, we need to prepare for lower prices and drive cost and capital discipline. So I will walk you through our financial framework after I had taken -- talking to our results.

So in the fourth quarter and full year, we saw solid operations from oil and gas. Against this dark backdrop of the Russian war on Ukraine, we completed our exit from Russia. The flexibility of our gas fields on the NCS enabled us to deliver more gas to Europe. However, in the fourth quarter, we reduced our gas position -- gas production since gas demand fell. So we will produce this gas in later periods with higher demand, but this reduced production in the quarter by 48,000 barrels per day.

Snøhvit produced for the full quarter, Johan Sverdrup Phase 2, and Njord in Norway started up and Peregrino in Brazil ramped up.

Power generation from renewables came in 6% higher for the full year, in addition to our renewable assets in operations. We are now generating power from gas from the Triton Power Station.

For the full year, we had a record net operating income of \$79 billion, \$79 billion. And we delivered unprecedented adjusted earnings before and after tax.

In the fourth quarter, we continued to deliver strong results and net income of \$7.9 billion and adjusted earnings after tax of \$5.8 billion. So Equinor, we are not shielded from tight markets and inflation. We do see a growth in our OpEx and SG&A costs. And the underlying increase is masked by the strengthening of the dollar. So I will come back to how we are addressing costs.

With the strong results from the U.S. business and the expectation that income will be taxable in a few years, we can now recognize a deferred tax asset in the U.S. of \$2.7 billion. We have net impairment reversals of around \$1 billion in the quarter, mainly related to Mariner driven by an optimized production profile and higher prices.

So let me turn to the segments. In the quarter, our Norwegian upstream business continued to deliver strong adjusted earnings before tax of \$14.6 billion. Our international business, excluding the U.S., had solid earnings, driven by Peregrino ramp-up. The U.S. business also delivered solid earnings. However, production there was slightly lower due to a major planned turnaround on Caesar Tonga.

Within MMP, we continue to see very strong results, as you heard from Irene from gas and power sales and trading. We had negative derivative timing effects for the quarter. And without those adjusted earnings for MMP would have been positive \$1.8 billion, which is well above both the old and the updated guidance.

The negative derivative effect is mostly within the 78% tax regime, which leads to a positive earnings of \$1.9 billion after tax for MMP. And finally, we continue to build our renewables business. And in this space, we see a negative adjusted earnings. Our assets in operations have a positive contribution of \$37 million, up from \$28 million last quarter.

And then cash flow. For the full year, we delivered record cash flow from operations of almost \$84 billion. And after subtracting taxes, including the additional tax payment last quarter of \$10 billion and subtracting investments and capital distribution, we delivered a net cash flow for the year of around \$23 billion. For the year, we had organic CapEx of around \$8.1 billion, which was somewhat below our guidance, mainly due to phasing of project activity and currency effects.

Based on the strong cash flow, our net debt ratio is further reduced to negative 23.9%. As you know, this is impacted by the lag in tax payments on the NCS. During the first half of 2023, we will pay 3 tax installments related to the NCS of NOK 54 billion each which is lower than indicated last quarter, and this is due to the recent reduction in gas prices.

So let's move on to our financial framework. We have four important boundaries for how we will develop our company and how we want to drive capital discipline. First, we have value over volume, very, very important. Return on capital is key, and we expect to deliver, on average, more than 15% for the period towards 2030.

Secondly, a solid balance sheet is the basis for all good risk management. And we maintain our guidance of a long-term net debt ratio of 15% to 30%. And then thirdly, our industry is cyclical. And we must be prepared and we will remain robust in a \$50 environment. And lastly, of course, we will transition with force in line with our energy transition plan.

So within this framework, we expect a very strong cash flow over the next decade. Cash flow from operations after tax of around \$20 billion per year on average. So we will use this cash flow to create shareholder value. And we will allocate capital towards a competitive capital distribution. We will reinvest in our oil and gas activities in an attractive project portfolio with an average breakeven of \$35 per barrel. And then we will continue to invest and grow in our high-quality project portfolio within REN and low-carbon solutions. So this financial framework is, as you understand, very important for us when we prioritize our spending going forward.

Our capital distribution is a central part of our investor proposal, and this is important to us. The step-up is based on our outlook for strong returns and cash flow. The Board of Directors, they have proposed a 50% increase in the ordinary cash dividend to \$0.30 per share per quarter, up from \$0.20 last quarter. So we expect to increase the annual cash dividend in line with the long-term underlying earnings, and now from a higher base of \$0.30 per share.

In addition, we remain committed to the share buyback program we introduced in 2021 with share buybacks of \$1.2 billion annually as part of the long-term capital distribution. This project is subject with the same conditions we set when it was introduced.

We will also continue with an extraordinary cash dividend with an additional share buyback in 2023. The extraordinary cash dividend will be \$0.60 per share for the fourth quarter, making total cash dividend \$0.90 per quarter. Our clear intention is to continue with this level for the following 3 quarters. The additional \$4.8 billion in share buybacks brings the total program to \$6 billion for 2023. So in total, our capital distribution for 2023 is \$17 billion, up from \$13.7 billion last year.

The first tranche of this program of \$1 billion will start tomorrow, and that will be based on the existing approval that we had from our Annual General Meeting. So as you understand, capital distribution is important to us.

We are set to deliver a strong free cash flow of around \$25 billion towards 2026 in a \$70 reference case. That is the free cash flow. This cash flow has both longevity and is resilient towards lower prices.

As you can see, our company will be cash neutral -- cash flow neutral at around \$50 per barrel, meaning that cash flow from operations will cover planned investments at those prices. From '24 more than half of our CapEx will be linked to our non-sanctioned projects giving us significant flexibility going forward. We expect to increase our investments in both oil and gas and in renewables and low-carbon solutions.

I started out with one of my key priorities to ensure that Equinor steers safely through uncertain times and volatility. So this will require strong cost and capital discipline, and we are prepared.

The picture of Johan Castberg is no coincidence. In 2014, in times of high cost pressure, we postponed Castberg, rework the concept and reduced CapEx by 50% -- by more than 50%.

We do the same today. And that is why we decided to postpone the large Barents Sea development Wisting. So we will continue to improve and mature Wisting to make it even better and more robust. To build resilience, we need portfolio flexibility, and we need to execute project efficiently. And as a large operator with a strong investment program, we have exactly that.

We set out on a \$4 billion improvement ambition from 2020 to 2025. I am glad to announce that we have already delivered 3 years ahead of schedule. So this was driven mainly by production optimization and utilizing our integrated operations center.

In 2022, we saw an increase in unit production cost to around \$6 per barrel driven by higher energy costs and CO2 prices in addition to Peregrino and Snøhvit coming back online. So we expect to be able to maintain at that level or lower towards 2026.

We are working strategically with suppliers to drive efficiency across projects and using standardization to ensure pace and scale. So this has delivered more than 5% lower project facility costs and more than 45% lower drilling costs compared to peers. So we will continue to drive improvements, and Hege and Geir will speak more to this in the breakout session.

And now to our oil and gas project portfolio. Our projects coming on stream over the next 10 years will create large value, low breakevens of around \$35 per barrel, high returns of around 30% internal rate of return, short payback time of around 2.5 years and a low-carbon upstream intensity of less than 6-kilo CO2 per barrel, which is less than half of the global industry average.

So through this portfolio, we will deliver strong production and cash flow to 2030 and beyond. We will reduce Scope 1 and 2 emissions by 50%, while we are doing exactly that. So we sanctioned many projects in 2022, and this portfolio is to a large extent protected against inflation with contracts already awarded. Our non-sanctioned portfolio is more exposed to cost pressures and changes in supplier markets. So we will continue to work hard to mitigate these pressures. And rest assured, we will not sanction projects that are not good enough just to drive growth.

We are investing to create as much value as possible. We have an extensive portfolio of renewables and low-carbon projects. We see significant synergies for them to be part of Equinor. First, with access to our strong balance sheet, we can reduce funding costs. We can warehouse risk and we can take on merchant risk. Also, working closely with our marketing and trading business will lift returns.

And finally, we have, of course, deep competence and execution skills that these projects will capitalize on. So we will maintain a disciplined approach, and we will focus on value over volume, and Pål and Helge will go into this later.

And by the way, I hope you saw Monday's news on Dogger Bank D, where we, together with SSE are looking into a fourth phase of the world's largest offshore wind farm.

So let me conclude. We expect to invest \$10 billion to \$11 billion in 2023 making CapEx for '22 and '23 slightly lower than what we said last year. For '24 to '26, we expect annual CapEx of around \$13 billion. Important to note that CapEx will be back end loaded in that period.

The CapEx program is driven by stable investments within oil and gas, growing CapEx in renewables and low-carbon solutions, and that we intend to use our balance sheet more within renewables as sort of an increasing value in that. So that is the driver behind the CapEx program.

In 2023, we expect to deliver 3% production growth in oil and gas. Towards '26, we will continue to grow production, and in 2030, we expect production to be on par with where we are today.

So finally, I hope we have shown you how well positioned we are to transition and create value in an investor-friendly way. First, we will deliver strong cash flow and returns over the next decade. Secondly, we are committed to our competitive capital distribution. And thirdly, we will lead the way in the energy transition. And all of this will be done within the firm financial framework that we discussed just a few minutes back.

So thank you very much for your attention. And then Bård, I would like to hand it back to you to help us through the Q&A. So thank you.

QUESTIONS AND ANSWERS

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

Thank you, Anders, Irene and Torgrim. We are then ready to start the Q&A session. The Q&A is reserved for analyst investors here in the room but also those participating on the phone. And to make sure that we have time to cover as many as possible, I ask that you limit yourself to one question each and that you try to keep that crisp. I also ask that you introduce yourself at the start of the questions. So then we can start here at the front, and then I will make a list.

Unidentified Analyst

It's Martijn Rats, I'm with Morgan Stanley. I wanted to ask you about the European gas markets, if I can only limit it to one topic. So last year, so part of the incremental gas supply from Norway to Europe was at the expense of some oil production because it was gas that was otherwise reinjected. And I was wondering, given the balance of prices at the moment, whether you could reverse that, i.e., less gas, but then at the benefit of oil production.

And secondly, on the same topic, I wanted to ask you, when you mentioned we lowered gas supply to Europe in the fourth quarter because of the lower demand. That sort of sounds a bit like OPEC. It sounds a bit like some sort of market management going home. Now of course, the obvious question would be to ask at what price level would you expect to start doing that going forward? I'm sure you won't answer that question, but I was hoping you could say a few things about the circumstances under which you might sort of be quite dynamic and active. Is it demand? Is it inventories? Is it price? I think that would be very helpful.

Anders Opedal - *Equinor ASA - President & CEO*

Yes. Thank you, and you prepared for the last question. And we -- as you said, we are injecting -- selling the gas to the market instead of injecting into some the reservoir. This is something that we monitor very, very closely in terms of long-term value creation and making sure that we are developing the reserves and not leaving reserves behind. So this is a kind of trade-off between what is the equivalent liquid price for gas compared to the oil. And if you see that gas prices are lower than the oil prices, and we are seeing that we might lose out on long-term value, we might change this. Because again, this is about creating long-term value.

Irene Rummelhoff - Equinor ASA - EVP of Marketing, Midstream & Processing

But I think it's important to note that gas is still \$120 oil equivalent. So it's still a high level of prices. I think with respect to your question on moving gas further out in time. I alluded in my presentation to the fact that we have an increasingly flexible portfolio.

And what do I mean by that? We have flexibility upstream, some of our gas fields are now coming very close to the decline phase, which means that depending on the price signals, whether the demand is needed, we can choose to produce the gas now or we can move it to 1 year ahead of in time or 2 years ahead of time. So it's basically an optimization on prices, but it's reflective of the demand situation in Europe. So we're using the upstream production more or less as a gas stored.

Bård Glad Pedersen - Equinor ASA - SVP of IR

Good. Then we move to you and here in the front next.

Lydia Rose Emma Rainforth - Barclays Bank PLC, Research Division - Director & Equity Analyst

It's Lydia Rainforth from Barclays. And I want to come back, obviously, \$75 billion is an amazing profit number, and you're matching it with \$17 billion of cash returns to shareholders. Why is that the right number for '23? Because obviously, you could have phased it more on caps, payouts, higher for longer, but just at a lower level. So I'm just wondering why \$17 billion is the right number for this year?

And this isn't quite linked to that, but Torgrim, just on the tax side, obviously, the tax guidance for first half is much lower than it was for the second half, I think, in terms of what you actually paid. So I'm just wondering, is that purely a price thing for it?

Anders Opedal - Equinor ASA - President & CEO

When we look at the capital distribution. Now the shareholder distribution, as we said today, we're increasing the ordinary cash dividend to give the long-term commitment based on the long-term underlying earnings. And together with the \$1.2 billion in share buyback, this demonstrates how we feel about the business going forward. Then, as you know, we have a very, very strong balance sheet, and we are a negative net debt ratio. And we have said and as Torgrim said also it today that we are moving towards our long-term guiding of 15 to 30. The balancing between the ordinary dividend and the extraordinary dividend is what we feel is the right for optimal capital structure in the long run. And Torgrim, you got a question?

Torgrim Reitan - Equinor ASA - Executive VP & CFO

Yes. Thanks, Lydia. You're right. So since we sort of initially gave expectations for taxes, gas prices have fallen significantly. So that's the reason why we are reducing sort of the cash tax payment expectations for the first half.

Bård Glad Pedersen - Equinor ASA - SVP of IR

Let's move to the front here and then Teodor, and then we'll take 1 from the phone after that.

Oswald C. Clint - Sanford C. Bernstein & Co., LLC., Research Division - Senior Research Analyst

It's Oswald Clint at Bernstein. It was good to see the enthusiasm from Irene on the customer side. I always look for more of that from Equinor versus your customer-rich competitors. But -- so RWE, ENGIE, the deals you've laid out, you didn't quite talk about expected returns from these chains. Torgrim showed us 30% in the upstream. You said it took a lot of time to strike these deals, but you're selling gas, then blue hydrogen and green hydrogen and there's different pricing going on there, which is quite opaque to us. So maybe just talk about what are these integrated returns

that you can tell us that we should expect? And just a linked side question. In those discussions, do you think Russian gas could ever make a way back into Germany?

Anders Opedal - Equinor ASA - President & CEO

I'll start a little bit, and you can comment on the Russian gas as well. We have progressed very well on both working together with ENGIE and RWE and gradually building up this new value chain that is so important to decarbonize the industry in Germany and Europe. We see that this will be based on contracts for differences in -- particularly for hydrogen and also the ETS price will drive the prices more for the carbon services.

So we are seeing returns and it's too early to guide on this because we are uniquely positioned, and we're going to really be one of the first ones developing this, but we will see returns in the same range as we say for renewables. But it's too early to say exactly. But we worked really hard to develop these projects and make them as good as possible using the same toolbox as we have used for renewables and oil and gas projects to make these projects profitable.

Irene Rummelhoff - Equinor ASA - EVP of Marketing, Midstream & Processing

I think there are 2 phases with respect to these kind of projects. It's one where we will need subsidies, both for the CO2 value chains and the hydrogen value chains. But I think when you get closer to 2030, the EU ETS prices going to be higher than the cost of capturing and storing CO2. So then you get into a commercially driven environment, and you could expect to see different returns at that point in time. But -- the other thing I would want to highlight compared to the renewables is that the entry barrier into this space is much higher. So if you start out on a level you're more likely to be able to hold on to that level than what we have seen in some of the renewable businesses.

Then you asked whether I think Russian gas will come back to Germany. And I would say no, today. But then we also know that politics changes, times move on. So -- but within the -- we have no assumptions in our models of seeing Russian gas coming back to Europe in the next 3 to 4 years. I think what will happen, though, is some of the Russian gas will be rerouted to China via pipeline, they might expand their LNG export capacity or so. So I don't think it necessarily will disappear from the market, but it seems as of now, at least very unlikely that they will hit the German market anytime soon.

Operator

Let's do Teodor Sveen-Nilsen and then we do one from the phone afterwards.

Teodor Sveen-Nilsen - Sparebank 1 Markets AS, Research Division - Research Analyst

Teodor Sveen-Nilsen, SpareBank 1 Markets. Congrats on very strong results this year. Positive also to see how specific you are on dividends and buybacks. So more specifically on those \$17 billion you promise as shareholder returns this year. How sensitive is that to oil and gas prices? We all know that this is a very cyclical and volatile industry. So in a scenario where you see much lower oil and gas prices this year, we'll still stick to the \$17 billion? Or is this some kind of sensitive to oil and gas prices.

Anders Opedal - Equinor ASA - President & CEO

As I said in my speech, is that this is the number we're setting out for this year. This board clear intention to keep the same dividend level for the next 3 quarters. And as you see, we have a very, very strong balance sheet with cash and cash equivalents around \$45 billion. So this is also about putting us closer to the long-term guiding of the 15% to 30% net debt range.

Torgrim Reitan - Equinor ASA - Executive VP & CFO

Can I drill a bit on this? I think ordinary cash dividend and the ordinary share buyback program, that is linked to outlook for the future, the \$20 billion cash flow from operations and the return on capital employed. The extraordinary part is related to money already earned, and that is actually sitting on our balance sheet currently. So that is \$45 billion in cash and cash equivalents. So that is linked to the extraordinary part and it is not linked to earnings this year or future earnings.

Bård Glad Pedersen - Equinor ASA - SVP of IR

Let's take one from the phone and then I'll give the microphone to Biraj in the middle of the room for the next one after that. John Olaisen, ABG.

John A. Schj. Olaisen - ABG Sundal Collier Holding ASA, Research Division - Co-Head of Research

You have changed your guidance for renewable volumes from gigawatt hours -- the gigawatt in installed capacity to terawatt hours of production. And I'm wondering maybe a little bit about this. Firstly, is the terawatt hour guidance net number to you? Is it a gross number? Secondly, why did you change the guidance? And then thirdly, this chart of power generation of terawatt hours between now and 2030, is that based on the assets you have today? Or is it assuming that you win acreage also in the future license around or do acquisitions?

Anders Opedal - Equinor ASA - President & CEO

Yes. I'll start on this one. And I know Pål is also eager to jump in on this one. But first of all, the 12 to 16 ambition for renewables of 12 to 16 gigawatt remains firm. We have already accessed the 14 of this. So we are on the path to deliver on this. But gigawatts is just a potential power and terawatt hours is really the power we will produce, which is a basis for future cash flow. And when we discuss to develop the renewable business further, we say that now we want to really measure ourselves on how we develop as in power generation. Remembering that different sources of renewables have different capacity to produce a different amount of power. So Pål might be allude a little bit how we have developed portfolio as well over the last year.

Pål Eitrheim - Equinor ASA - EVP of Renewables (REN)

Yes. Thank you. So I don't think we have made a deliberate choice of changing our guidance. So, I think we've actually been providing more information than what we've been doing in the past. And our starting point is that we have built a very strong position in offshore wind. But during very heated markets over the last few years, what we have been doing is actually being a net seller of shares in offshore wind and monetizing in that market.

We have also seen that we have a portfolio that was in need of a bit of diversification. So that is why you have seen us make bolt-on acquisitions into onshore platforms in Poland with Wento with a 1.6 gigawatt pipeline and with BeGreen in Denmark that closed only last week. So we have been diversifying our portfolio. So what you see in the installed capacity numbers is a higher element of onshore volumes and solar PV, in particular, than what you have seen in the past that comes on top of that strong offshore wind portfolio.

So the 14 gigawatts of installed capacity roughly corresponds to the lower end of the production range that we have given today. But given that we now have a portfolio, we also see quite a bit of upside in bringing merchant onshore volumes where we can trade and market these volumes in the market compared to locked-in long-term PPAs that we have on the offshore wind side. So to me, it is a way of demonstrating that we are putting value over volume in the way that we are prioritizing our portfolio.

Biraj Borkhataria - *RBC Capital Markets, Research Division - Director, Co-Head of European Energy Research Team & Lead Analyst*

It's Biraj Borkhataria, RBC. I wanted to ask about free cash flow deployment. So Torgrim, you were very clear that the CapEx increase was back-end loaded. And you're in somewhat of a unique position as a company given the strong macro environment last year. You're sitting on \$20 billion of net cash and so on. But could you just talk about why you're choosing to make that CapEx profile back-end loaded? Is it that you're concerned about supply chain inflation and so on? Is it they maturing the projects?

And maybe you could also touch on policy because there is a narrative that the U.S. is obviously pushing ahead with the IRA and so on. And your carbon capture profile and options are largely European focused. I just wanted to get your thoughts on the regulatory environment there as well. So it's 2 questions. Thank you.

Anders Opedal - *Equinor ASA - President & CEO*

Yes, I'll start a little bit on CapEx, and then Torgrim, and you can follow up. So we have a CapEx guiding, which is very much in line with previous guidance. And with some smaller adjustments, which is from year-to-year and project phasing, we are fairly stable on the oil and gas. So the increase you're seeing and the increase with 13% on average, which is back-end loaded, is really the increase in renewables and is also a potential increase where we will finance renewals over the balance sheet. Regarding -- we will never sanction projects before they are good enough. And that's why also we will see that there are some flexibility to when we will sanction these projects, and there can be small adjustment, and that's why we're guiding in our range here going forward.

Yes, IRA. And we do have projects both in Europe where we kind of have a very, very good, and I think Irene said it very clearly, where we have a strong position, which is with higher barriers to enter. And then we have also projects in U.S., but quite fierce competition. So maybe you want to say a little bit of what we're doing in the U.S. And if you have anything to add on CapEx, Torgrim, please let me know.

Irene Rummelhoff - *Equinor ASA - EVP of Marketing, Midstream & Processing*

I can do that. I think we always chase where we have opportunities where we have a competitive advantage. And clearly, in Europe, we have the infrastructure, we have the customer relationships, et cetera. The other place where we see some synergies with the existing business is in the U.S. And for some time, we've been chasing couple of opportunities, bigger ones in tri-state area in the U.S. and also an ammonia export projects. These projects overnight with the IRA became much more attractive, and we continue to mature those.

But Europe was way ahead of the U.S. when it came to incentives for a while. And then the U.S. moved ahead. You saw Ursula von der Leyen out there saying, we're going to have to up our game. So I think this is not going to be a static picture. You're going to see the supportive -- support machines change over time. So stick to where we really have a competitive advantage, but clearly, quite excited about what goes on in the U.S. right now.

Torgim Reitan - *Equinor ASA - Executive VP & CFO*

Yes, on CapEx, a very important question. So -- it all starts with that. We are driven by maximizing the value creation of that investment program. So we have deliberately taken some decision to say, okay, these projects needs to be worked more and they will come later. And I think this thing, as I mentioned, is sort of one example of that.

The other one is that in a big portfolio where we are an operator, clearly, we need to manage execution capability and inflation as such. And we have seen inflations last year, quite significant, but we really, really need to manage that, meaning that we need to see to that we have a good portfolio over years to manage that.

And you saw from our presentation, \$35 breakeven of the upstream project portfolio, that has remained rather constant over the years despite that we have had inflation in the period. So that's sort of a KPI or matrix to follow. That is really where we see that we can create value by actually profiling the investments in the way that we do.

So we're not driven by volume targets, but driven by value. I think I've said it 10 times now. So that's for sure.

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

That's good. One in the back there, and then we'll take 1 more on the phone and continue here in the room.

Unidentified Analyst

It's Chris Kuplent from Bank of America. I really welcome the clarity you've given on the capital distribution front. But maybe Torgrim, I'll challenge you here a little bit because you're presenting a \$50 breakeven after CapEx and I think on your 2023 cash flow outlook, the \$17 billion of cash returns are going to be covered roughly where we are right now in \$80 plus/minus gas prices where we are right now. So it looks like you're giving yourself quite some time redistributing your balance sheet strength, to pick up your comment earlier. So just wonder whether you can give us a bit more color in terms of how much time you have to reallocate that balance sheet strength that you've accumulated.

And of course, my second question is the least popular one because I know you're not going to want to answer it, but I'll ask it anyway. What role does your M&A team play here in having a claim on that balance sheet strength? And maybe Anders, if you or if one of you want to give us a little bit of your view on what the market currently looks like. This is no longer a 0-interest world. What does the M&A market look like to you?

Anders Opedal - *Equinor ASA - President & CEO*

Yes, I can start with that a little bit. As we have said many times, M&A is always in our toolbox. And you have seen what we have done in the past. You have seen how we have been optimizing our oil and gas portfolio both by acquiring some and divesting some. Always constantly driving to make sure that the robustness of the company will increase by doing so. Of course -- and then also for the renewables with Wento and BeGreen, as Pål said, it was a time we felt it was very, very expensive, but then with increased inflations and interest rates we have made some acquisition and also with Triton a bolt-on acquisition there.

Going forward, I don't going to comment on it, but we follow this market very closely. But to follow my CFO, we will value over volume driven also when we use the M&A market. And then Torgrim, he challenged you and I know you want to comment as well.

Torgrim Reitan - *Equinor ASA - Executive VP & CFO*

A very important question and a great question. And I thought you actually had 2, because we talked about \$50 breakeven on the slide. I just want to explain that a little bit to you. Because we are building a company that will function from A to C in a \$50 environment, meaning that sort of the capital distribution that we have committed to, the ordinary part of it is going to work in a lower price environment as such. So that is very, very important.

And again, we have significant flexibility in managing lower prices as we are a large operator, and we are the captain of our own investment program, if you like. So I think that is sort of very important to understand.

The second one today or this year, we are planning on a negative net cash flow. And I'm glad for that. And it's probably strange to hear a CFO saying that, but with a \$17 billion cash distribution, we clearly planned for a negative net cash and then moving towards a more optimal capital distribution. So we will -- we aim 15 to 30, and that's what will happen this year is on its way to that.

And then clearly, the balance sheet will remain very robust and solid. And clearly, we will be careful as always. And I think you might want to look at the past and see the capital discipline under the CEO over the last few years. And clearly, we want to keep that intact.

Anders Opedal - Equinor ASA - President & CEO

And just to add, 2 years ago, I presented the worst results from Equinor, and 2 years later, the best result ever. This shows the volatility in this market, and that's why we're focusing on the robustness. And Irene, you're eager to answer?

Irene Rummelhoff - Equinor ASA - EVP of Marketing, Midstream & Processing

No, no, I just wanted to draw your attention to the M&A we have done within MMP, because we acquired Danske, as I said, then we acquired Triton and both of them have been tremendously good investments. In the Danske Commodities, the results since the acquisition have paid back the acquisition fee multiple times and Triton was actually paid back twice in the course of 4 months. So Yes.

Bård Glad Pedersen - Equinor ASA - SVP of IR

Let's take the 1 on the phone. And can I ask you to limit it to 1 question so that we can cover as many as possible. Michele Della Vigna from Goldman Sachs.

Michele Della Vigna - Goldman Sachs Group, Inc., Research Division - Co-Head of European Equity Research & MD

Perfect. And again, congratulations on the record cash return to shareholders for 2023. I had 1 question. When I look at the delivery of mega projects in oil and gas, the industry from 2014 until COVID hit, was in a consistent trend of improvement, a quicker time to market, shorter delivery and everything was coming on stream more or less on time and on budget. Then through COVID the main problem were with the yards in Asia. How do you see the outlook for delivery? Where do you see the tightness in the coming years?

And looking specifically at 2 of your most complex mega projects, Castberg and Bacalhau, do you still feel confident those can come on stream on time?

Anders Opedal - Equinor ASA - President & CEO

Thank you very much. That was actually a very good summary of what happened in the project markets from 2014 and onwards. Yes, I think all projects were hampered by the COVID and not only the yards in Asia, but also I think the yards worldwide and also in Norway. We are recovering from that now. And Geir and his team are making really good progress. We are on plan with the Castberg project, but the Bacalhau project in Brazil will be delivered during 2025.

Yoann Charenton - Societe Generale Cross Asset Research - Equity Analyst

Thank you again for the presentation. If you don't mind, I would like to go back on CapEx. And if you could provide some color on the breakdown, it's true that you are being consistent. We have not seen massive change in terms of guidance for organic CapEx. But at the same time, in the past year, we have seen Equinor exit in Russia. You referred to the inflation recession act as an impulse basically for investments.

Can you explain -- and of course, I should add that Wisting as well has been delayed for a few years. So can you explain basically what replaced the exit from Russia in terms of contribution to CapEx and the removal of Wisting to basically lead us to this level, which is sort of consistent with what you guided for before?

Anders Opedal - Equinor ASA - President & CEO

Okay. Thank you very much. So yes, the guiding this year is actually, I would say, consistent and quite consistent with what we have said earlier. For '22 and '23, if you summarize those 2 years, it's actually slightly below what we said last year. Then sort of in the -- going forward, we are actually extending the period with one year, and we say that CapEx is back-end loaded. So in reality, it is sort of the same CapEx level that we know are putting forward despite that we have seen sort of inflation over the years. We have built in future inflation assumptions. So we are quite comfortable that these are sort of numbers that are strong.

Again, I mean, the CapEx program is driven by oil and gas, which is flat over years. So we continue to invest on the same rate. We are growing our investments within renewables and low-carbon solutions. And then we aim to use our balance sheet more in financing our renewables business. Due to that increasing interest rate makes that more sensible. So that will be to Pål's portfolio, and that will be reported as CapEx on equity terms that will actually change the reporting on the investments. So those are the key elements. So it is actually fairly consistent with what we have said earlier.

Alastair Roderick Syme - Citigroup Inc., Research Division - MD & Global Head of Oil and Gas Research

Can I ask about the long-term oil and gas production profile? The one you show to 2030 is sort of flat to down 15%. So what defines that range? And just to link it back to value, what's the \$20 billion cash flow linked from a volume standpoint?

Anders Opedal - Equinor ASA - President & CEO

The \$20 billion cash flow from operation after tax is really based on both the production profile. We've shown on the oil and gas. And also with the contribution from Irene and her team as we have increased the guiding there. And gradually, also towards 2030, we will also see more and more coming in from renewables. So that is the basis for those USD 20 billion there. And then your first question was?

Alastair Roderick Syme - Citigroup Inc., Research Division - MD & Global Head of Oil and Gas Research

What defines the range?

Irene Rummelhoff - Equinor ASA - EVP of Marketing, Midstream & Processing

Would you have a range of productions profile?

Anders Opedal - Equinor ASA - President & CEO

Yes. So of course, this is -- we are now constantly developing new resources on the Norwegian continental shelf, for instance, and sanctioning new projects. We have an exploration program. And we are using quite a lot of sanctioning smaller project will tie into existing facilities. So there are always a little bit some uncertainty, but Kjetil heading of the Norwegian continental shelf. He can explain a little bit how he is working now to ensure that he keep the production on Norwegian continental shelf at a high level to 2030 and beyond.

Kjetil Hove

Yes, that I could do for hours. But very quickly, the variation between the upper and lower bound is basically the project that we need to sanction in the next 3, 4 years, that is difference in the production. So it's a project that we're sitting on. It's not a lot of exploration. I don't think there is any in that time frame. So it's basically the project that we need to sanction the next 3, 4 years, which is the difference.

Paul Redman - *BNP Paribas Exane, Research Division - Research Analyst*

It's Paul Redman from BNP Paribas. I just had a quick question on gas prices. So normally, we think about gas prices on maybe an annual basis. But if Europe comes out this winter with significantly higher storage volumes, do you have a view kind of on a quarterly basis how that gas price could pay out? Could we go significantly lower than where we are today? And then secondly, how would that impact your extraordinary distributions if gas prices do go significantly lower through the middle of the year?

Anders Opedal - *Equinor ASA - President & CEO*

I will start and then Irene can talk more about. But as Torgrim said very, very clearly earlier, the extraordinary distribution for 2023 is based on past earnings and it's the Board's clear intention to have the same level of dividend, ordinary and extraordinary for the next 3 quarters.

Irene Rummelhoff - *Equinor ASA - EVP of Marketing, Midstream & Processing*

Maybe on the gas market, it seems like the market has found some kind of equilibrium right now, but -- and taking it through the next summer. But it's important to remember that come November, storages are full. They were full in November last year as well. So it's basically a reset. And you're looking at the next year, again, needing to attract more LNG and reduce demand even further. So I think the best thing we can say is that we do expect volatility and also that the uncertainty or the upside is higher than the downside given what we have seen.

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

We are a bit on over time, but I feel bad because I've overlooked this side for a while. So if you take one final here.

Anders Kirkhorn Rosenlund - *SEB, Research Division - Analyst*

Anders from SEB. Will you leave profitable barrels behind in your energy transition journey?

Anders Opedal - *Equinor ASA - President & CEO*

No. We don't plan to do that. We plan to develop the oil -- the energy transition needs to be a balanced transition. So that means that oil and gas will play a role in the energy transition. And as we have demonstrated today that we will continue developing the oil and gas business. I think we have 20 years of resources in our books meaning that Philippe and Kjetil will continue to develop those resources together with Geir, bring them into real projects, implementing technologies and have a target of these breakevens that Torgrim talked about, 35 in breakeven. So we will continue to mature reserves and not leave valuable barrels behind in the energy transition.

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

Very good. I think we then need to close this session. I will leave the word to you to do that Anders. I just want to remind you all that you are invited to lunch in the area outside of here afterwards and that we will start the breakout sessions, quarter past 2. So Anders, if you want to say any concluding remarks.

Anders Opedal - *Equinor ASA - President & CEO*

I just wanted to say that thank you very much for coming. I think we have presented a very strong outlook for Equinor, both for 2023, but also into the future. So thank you for coming, and have a good lunch.

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