

Statoil Gas Seminar
22 February 2018, London



Statoil





Statoil

Delivering sustainable results through cycles

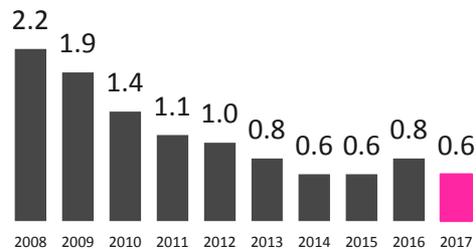
Jens Økland, EVP, Marketing, Midstream and Processing (MMP)

London, 22 February 2018

Delivering on our strategy

Always safe

Serious incident frequency¹



1. Serious incidents per million work-hours.

High value

Break-even next generation portfolio²

21 USD/bbl

Free cash flow positive below

50 USD/bbl

2017 efficiency improvements

1.3 bn USD

2. Statoil- and partner-operated projects, sanctioned since 2015 or planned for sanction, with start-up by end of 2022. Volume weighted.

Low carbon

CO₂ emissions reduction per boe³

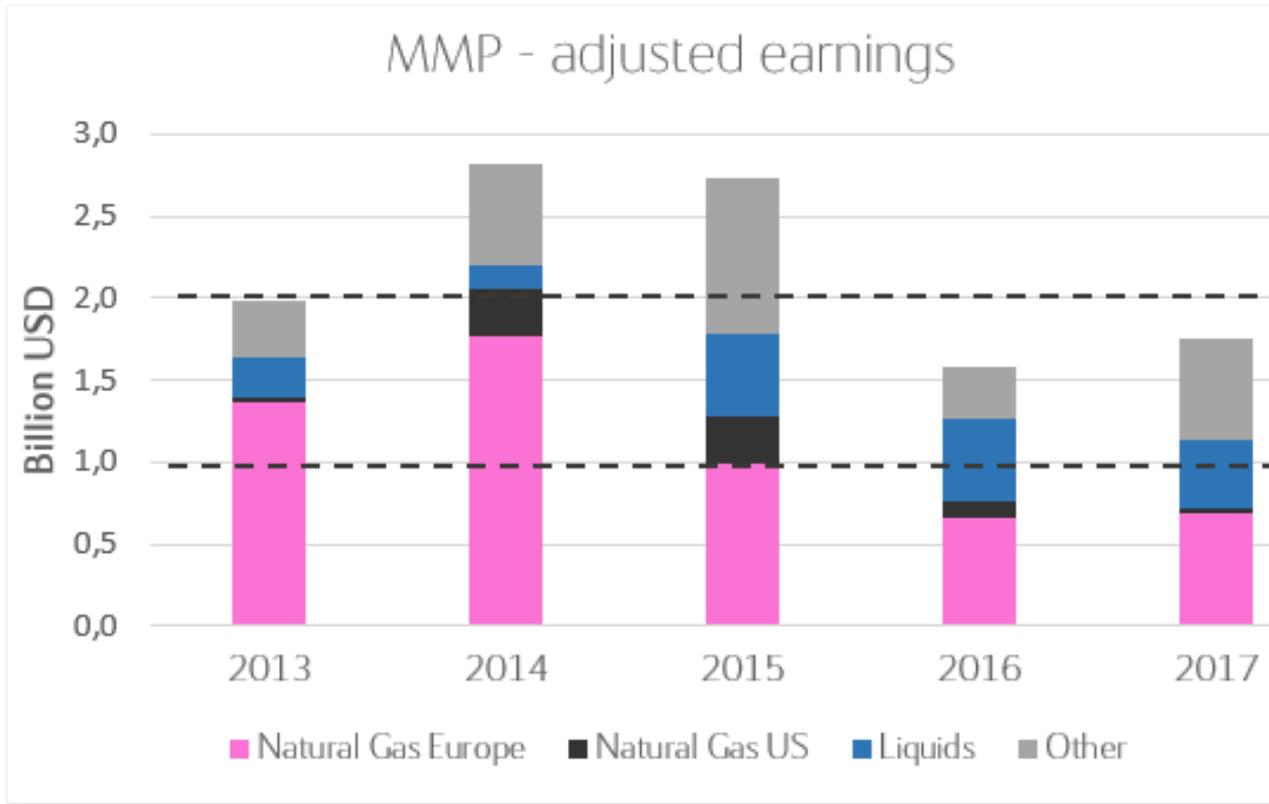
Above 10%

Operated offshore wind

750 mw

3. Statoil operated portfolio – compared to 2016.

2017 | MMP demonstrating resilience through cycles



- Record high NCS gas production
- Value uplift on products
- High regularity and margins on our refineries

1. MMP Guiding range USD 1-2bn

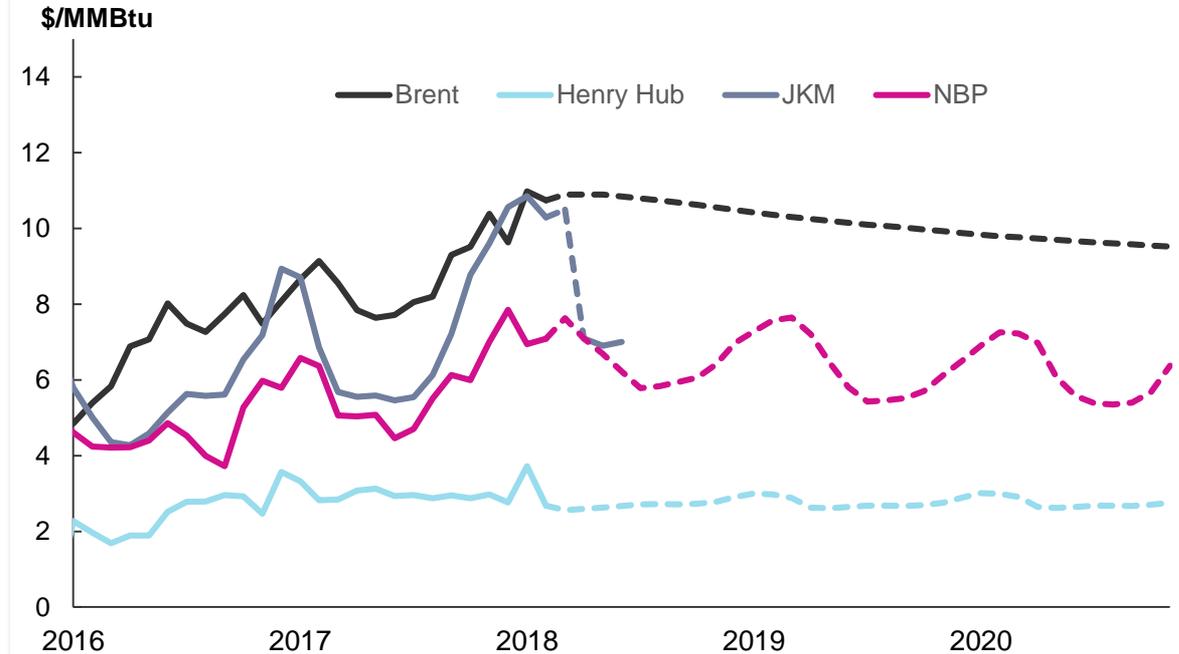
Gas outlook | Strong demand and continued volatility

WE SEE THAT:

- Energy and climate policy impact on markets
- US seasonality and production increase
- LNG going to Asia
- Reduced indigenous EU production

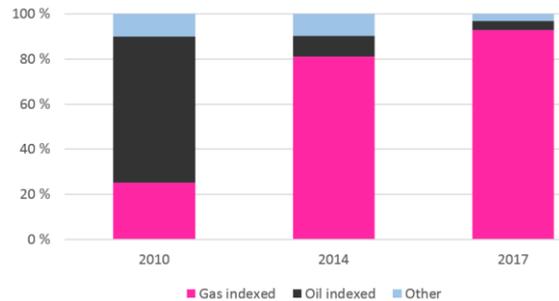
WE BELIEVE IN:

- Further globalization of gas markets
- Electricity sector a driver for gas demand growth
- Continued demand growth in Asia and US
- Substantial investments needed to meet demand
- Continued market volatility and seasonality



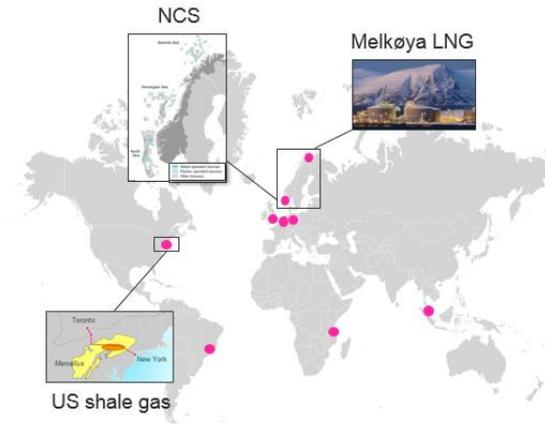
Statoil response | Flexible contract portfolio and growth in key markets

CONTRACT PORTFOLIO



- Modernized
- Flexible
- Diversified pricing

MIDSTREAM AND TRADING FOCUS



- Premium markets
- Regional value chain focus
- NCS maximization

GROWING OUTSIDE EUROPE



- US
- Brazil
- Capture global trading opportunities



Long-term energy markets

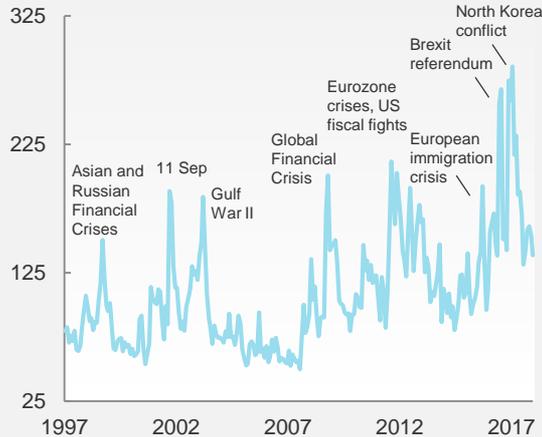
Eirik Wærness, Senior Vice President and Chief Economist

Policy uncertainty continues in energy markets

The global economy is however shielded as momentum gains

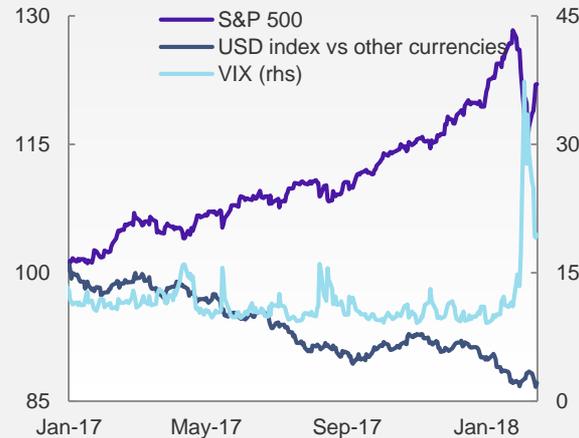
Policy uncertainty relatively high

Global economic policy uncertainty (index)



Macroeconomics and financial markets – signs of uncertainty

US equities, dollars, and risk (indexed 30 Dec 2016=100, index (rhs))



Politics and economics in 2018

Key themes:

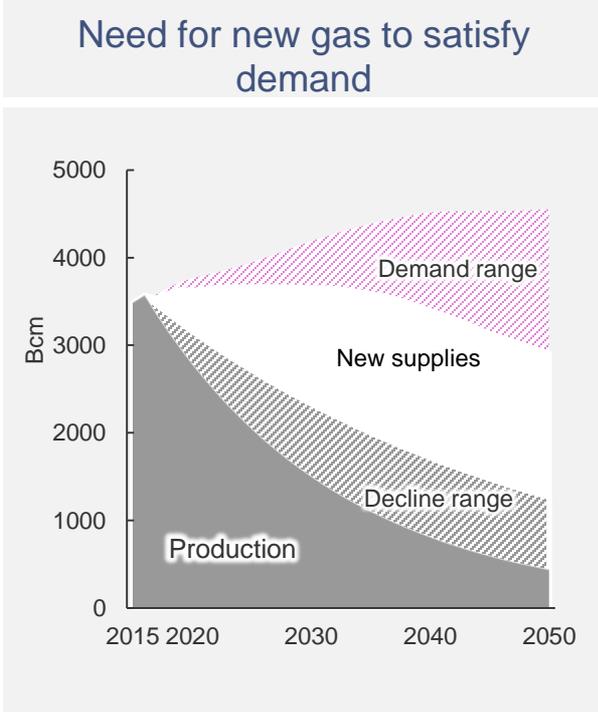
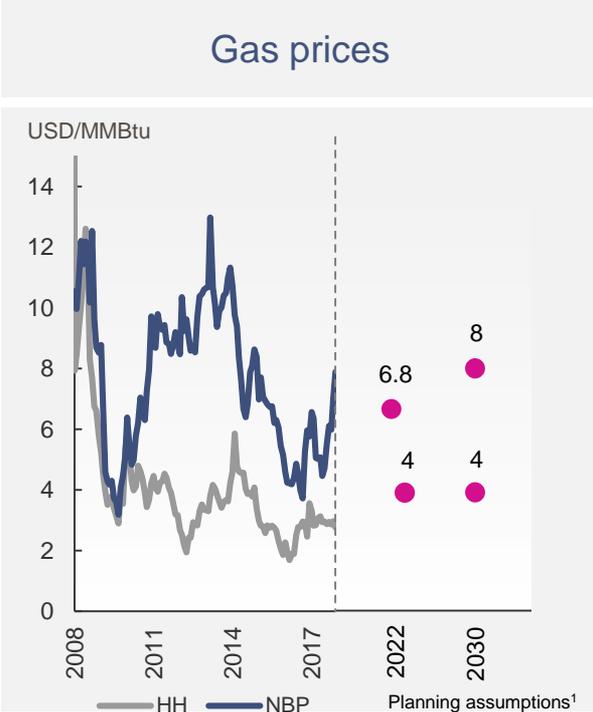
- Trade policy
- Fiscal and monetary policy
- Energy and climate policy

Key events:

- Elections in Europe and the US
- G20 summit
- COP24

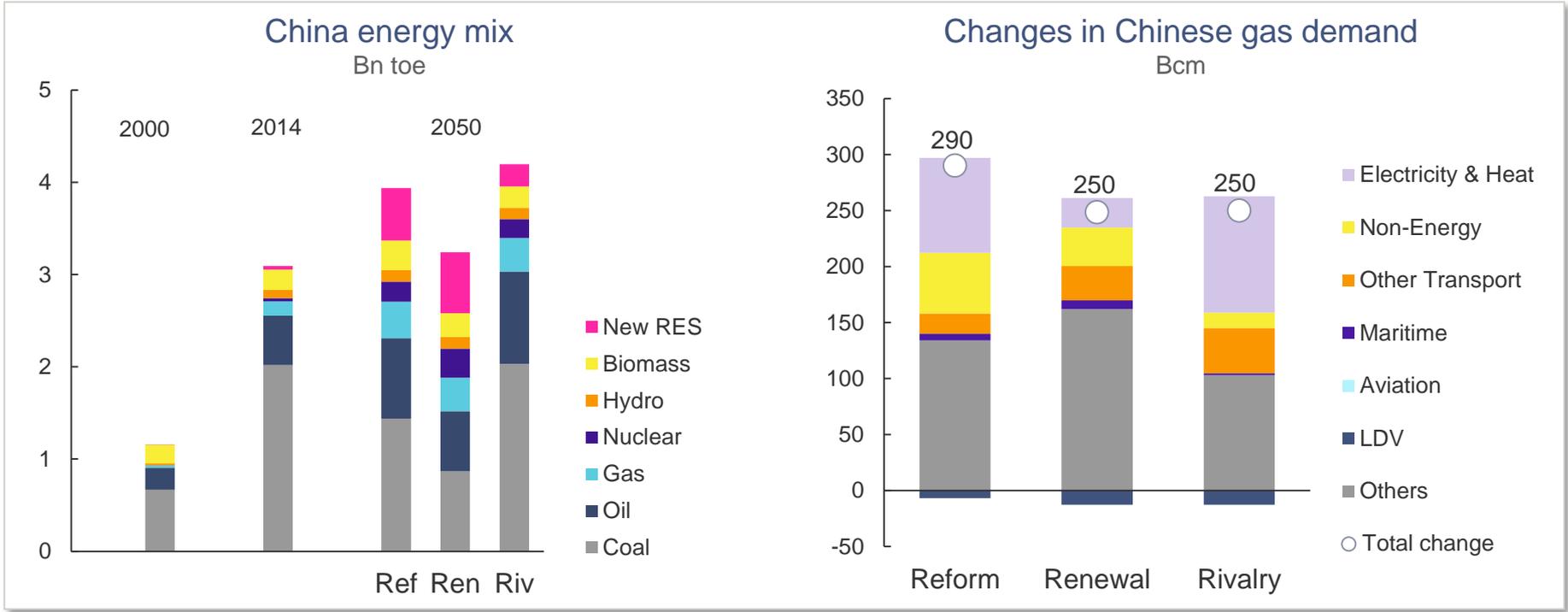
Prices are up from the bottom – uncertainty prevails

Important: Substantial need for new investments to satisfy demand



Asia, and China, play an important role in our energy future

Growing gas demand in all scenarios – part of the energy transition

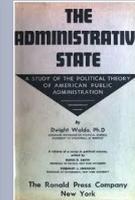


Twitter aside, Trump's energy agenda has three tracks

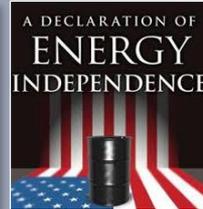
ECONOMIC



POLITICAL



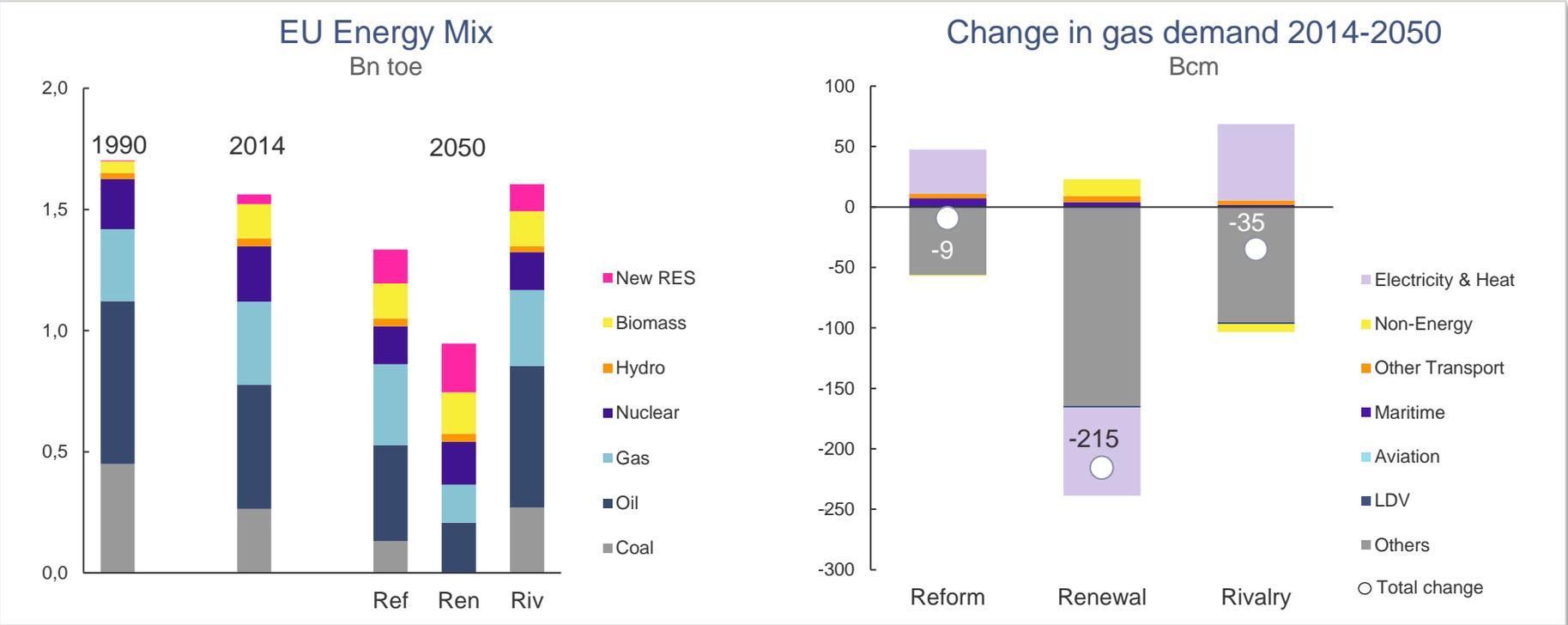
INTERNATIONAL



Increase US energy production in service of energy security, economic growth, and as a foreign policy tool

EU: Improving energy efficiency, and fuel mix changes

Electricity sector demand change key for gas development



Globalizing gas – flows according to price signals

US LNG in the money; prices driven by other factors as well

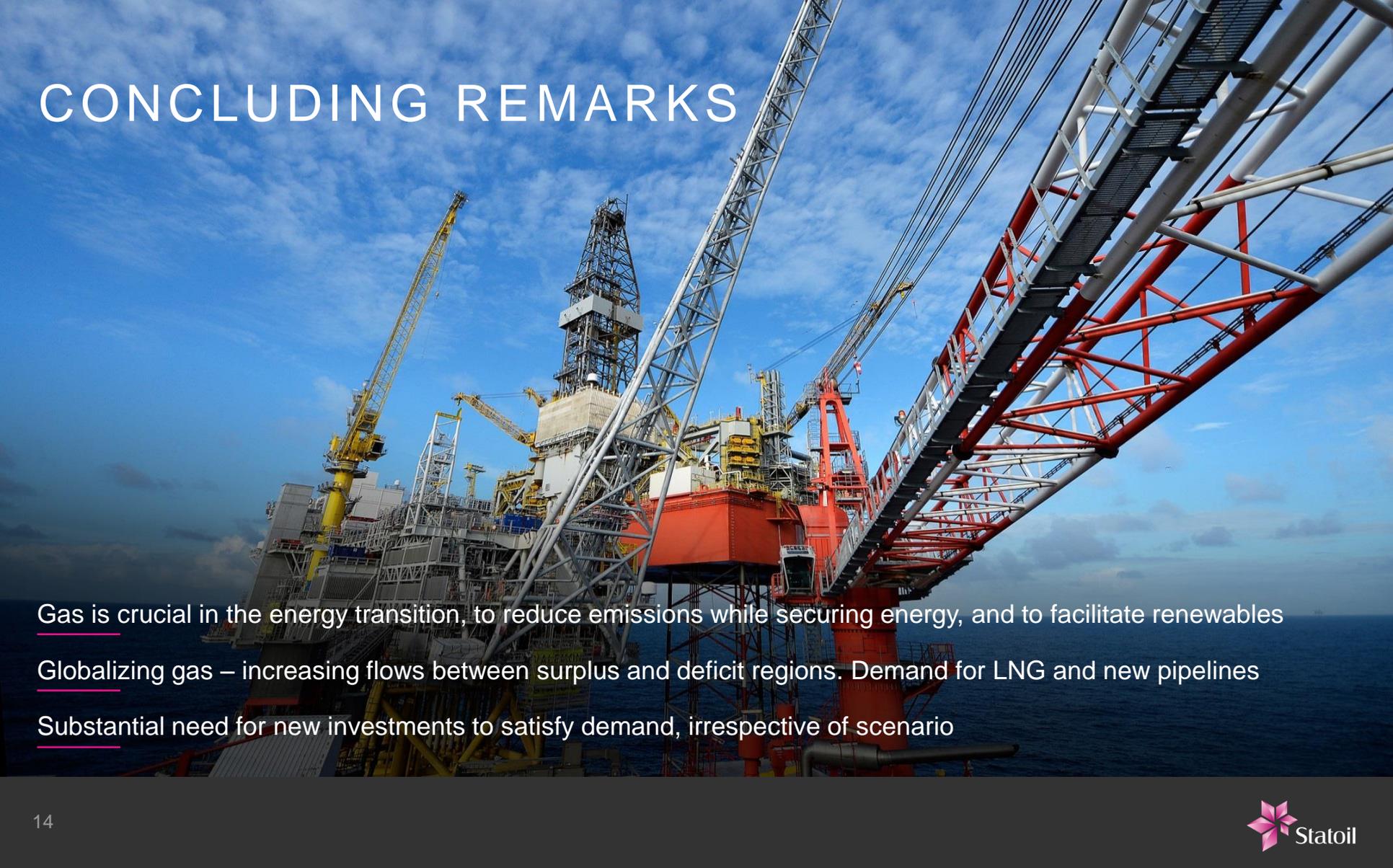
Short-run marginal cost ranges for US 2018 LNG supply to Asia and Europe, and prices today and over the last 2 years



Source: NYMEX, ICE, Platts, Pira, Statoil ASA

- 1) NYMEX Henry Hub Forward curve for Calendar 2018 – 19 Feb 2018
- 2) ICE NBP Forward curve for Calendar 2018 - 19 Feb 2018, high and low trading range over the last 2 years
- 3) Platts JKM (Asia spot LNG, March deliveries) - 19 Feb 2018, high and low trading range over the last 2 years

CONCLUDING REMARKS



Gas is crucial in the energy transition, to reduce emissions while securing energy, and to facilitate renewables

Globalizing gas – increasing flows between surplus and deficit regions. Demand for LNG and new pipelines

Substantial need for new investments to satisfy demand, irrespective of scenario



A woman in a high-visibility yellow jacket and white hard hat stands on a large white pipe, looking out at an offshore oil rig at sunset.

Global gas markets

Elisabeth Aarrestad, Vice President Market Analysis

What happened since our 2017 gas seminar?

US GAS:

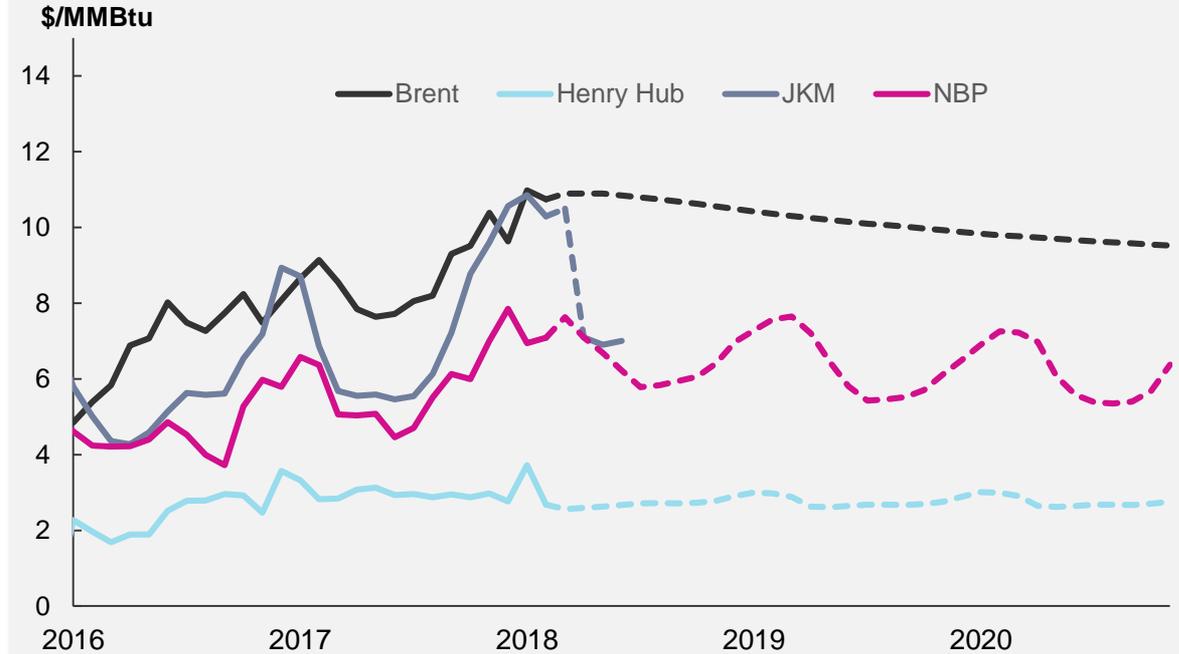
- Coal displacement continues
- Cold snap breaks records

ASIAN GAS:

- China absorbs LNG increase
- New emerging markets

EUROPEAN GAS:

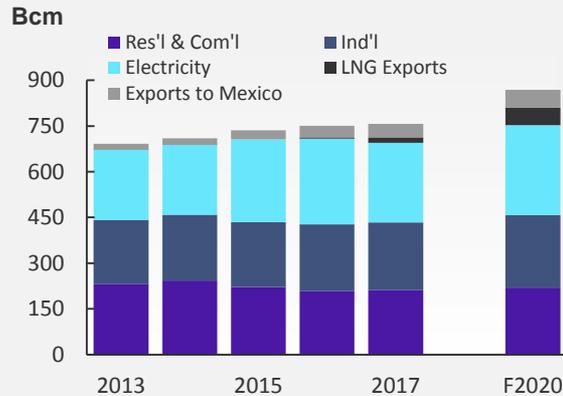
- Gas flexible source for electricity
- Strengthened demand levels
- Increased import dependence



US gas demand

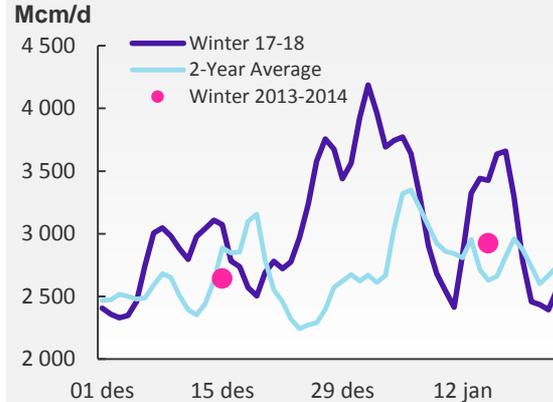
Short-term spikes, long-term growth

Domestic demand



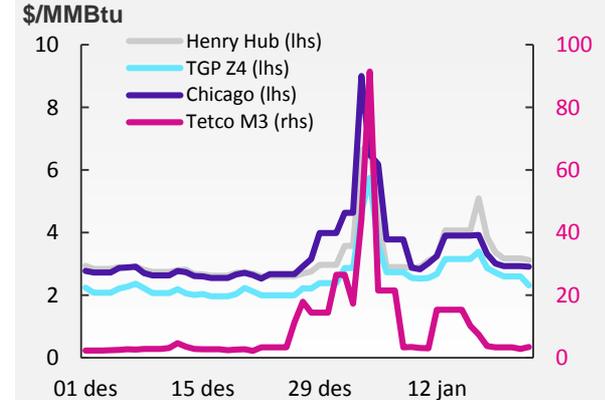
- Gas displacing coal in electricity
- Industrial demand is rising
- Growing exports (LNG and Mexico)

Lower 48 cold snap demand



- Records due to strong gas-to-electricity and space heating needs
- Surpassed 2013-2014 vortex levels

Cold snap regional prices

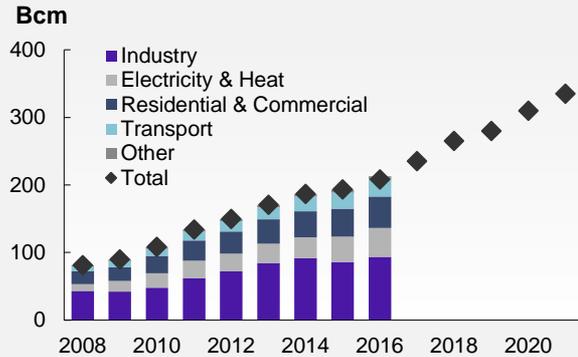


- Henry Hub hit a multi-year high
- The NYC downstream market price reached an all-time high

Chinese gas demand growth exceeds expectations

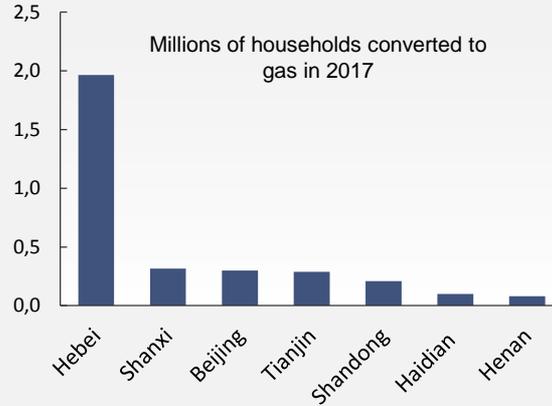
Emission reduction targets drive gas demand

Five year plan



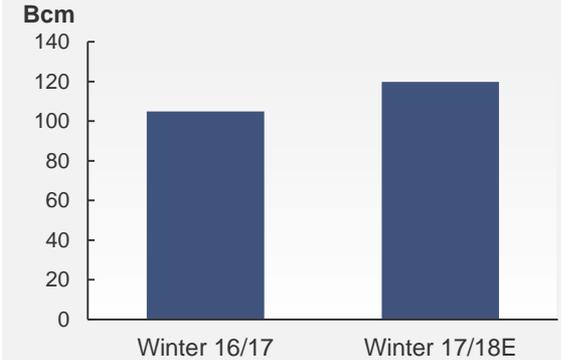
- 100 Bcm increase to 2020
- Demand growth exceeds US LNG export growth

Household gas conversions



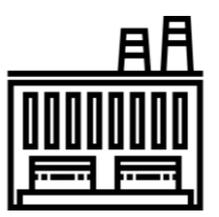
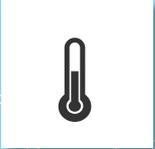
- Air quality targets
- 28 cities ordered to switch end-users from coal to gas

Seasonal gas demand



- 15% increase estimated for current winter
- Low storage capacity drives the need for flexible gas imports

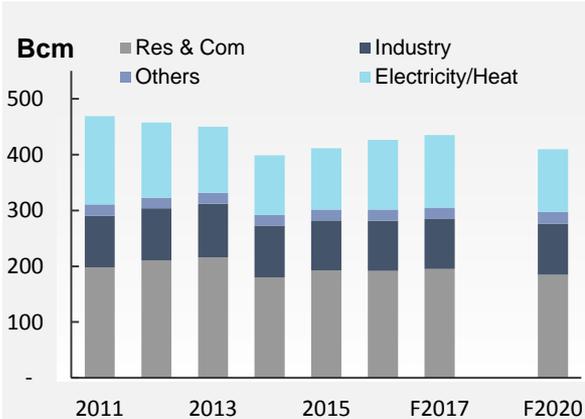
European gas market drivers



European demand factors

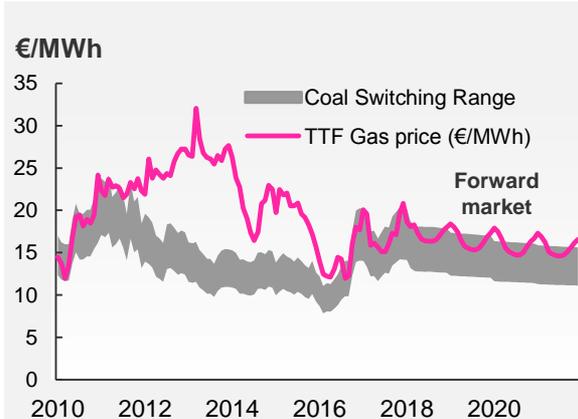
Gas flexible source for electricity and replacing coal

Demand by sector



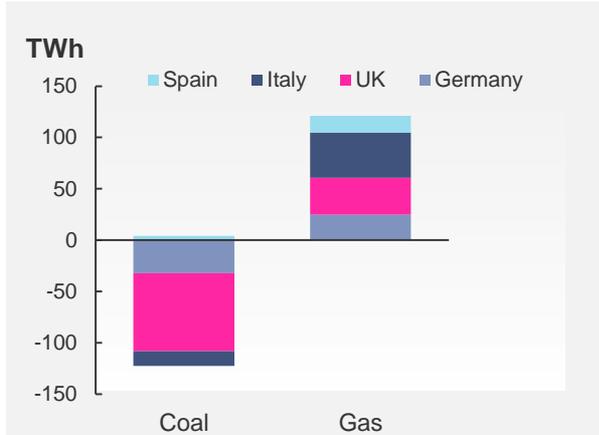
- Economic recovery
- Gains from coal switching
- Buoyant demand

Continental coal switching



- UK – carbon tax
- France – nuclear maintenance
- Coal prices – gas is competitive

Change in electricity generation 2014 - 2017



- CCGT increasing more than 120 TWh
- Coal decreasing more than 115 TWh
- Largest change in the UK

European supply factors

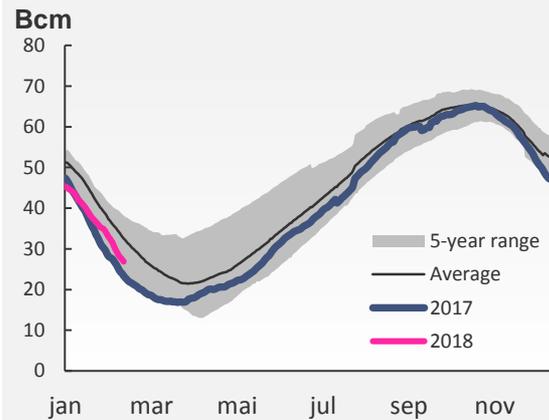
Imports compensating for reduced indigenous production

EU production



- Further Groningen constraints
- Potential further reductions
- UKCS plateau for near term

European storage



- Mild January has eased pressure
- Regional difference in stock level
- Risk remains for balance of winter

Pipeline supply

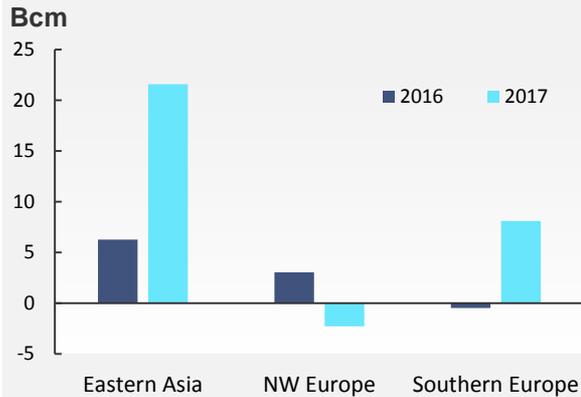


- Record pipeline imports
- Limited flexibility
- NCS adaptability

Global fundamentals

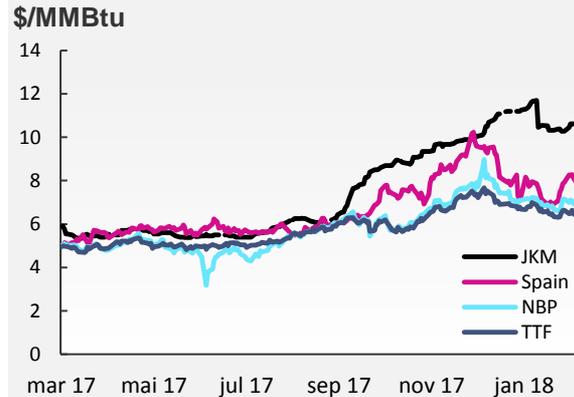
LNG production is increasing, but competition remains

LNG changes vs 2015



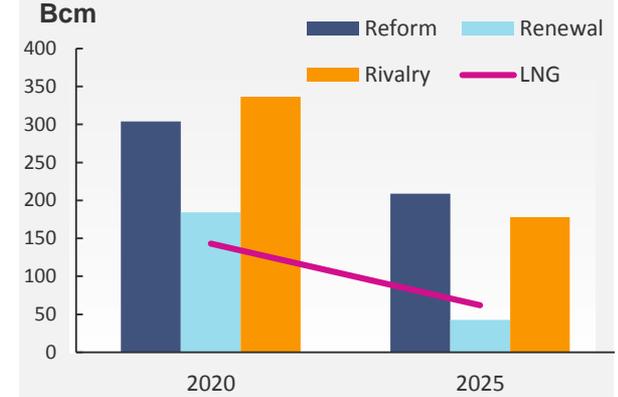
- Reduced LNG to NW Europe
- Attractive Southern European markets
- Strong Asian demand

Global pricing



- JKM driven by market tightness
- Southern Europe reliant on LNG
- Global competition for supply

Expectations vs 2015



- Global gas demand increase continue to absorb supply
- Europe - deficit widening, competition for global LNG

CONCLUDING REMARKS



Gas important flexible source for electricity in key regions

China's gas demand growth substantially exceeds US LNG exports

Europe increasingly reliant on gas import and must compete for LNG



Capturing value in volatile markets

Tor Martin Anfinnsen, Senior Vice President, Marketing and Trading

Norwegian gas – competitive and reliable

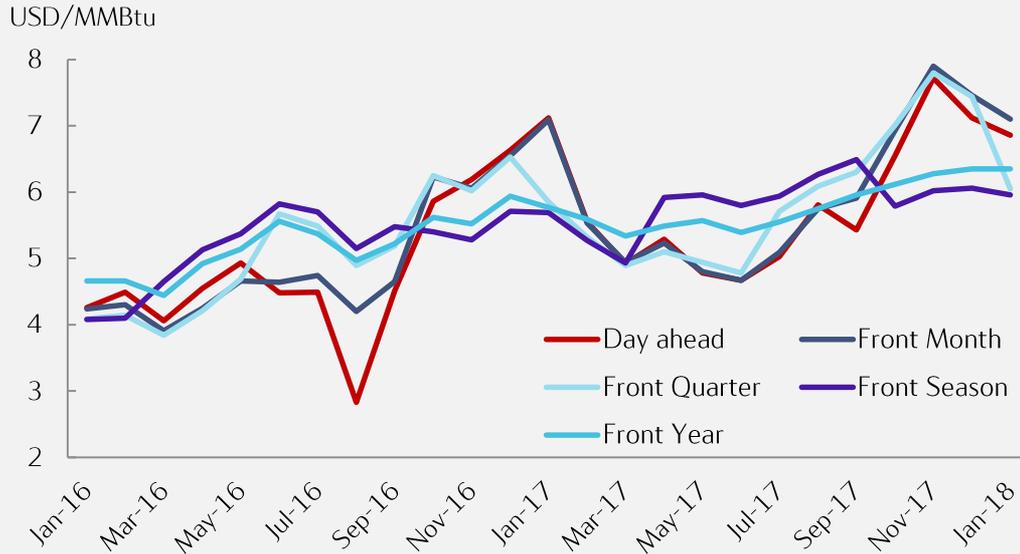
- Cost competitive supply
- Increasing volumes
- Committed to perform



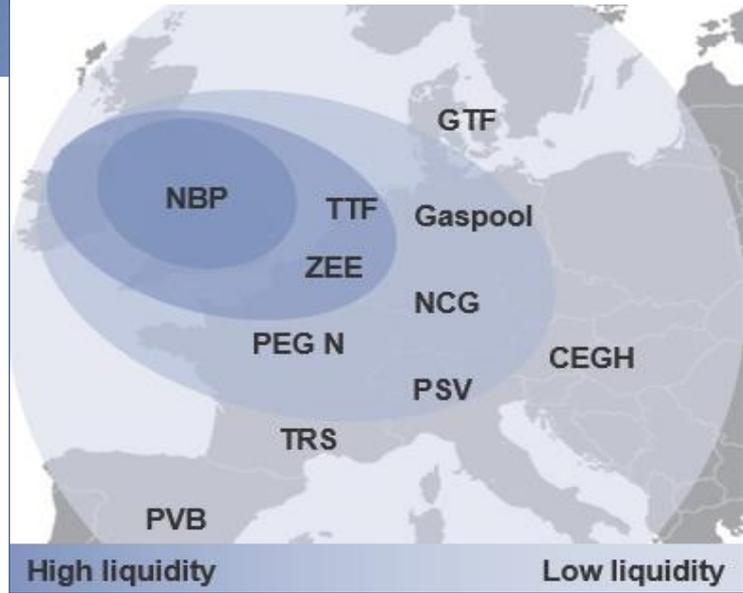
Picture: Gassco

Prices and liquidity in Europe

European gas prices (NBP)

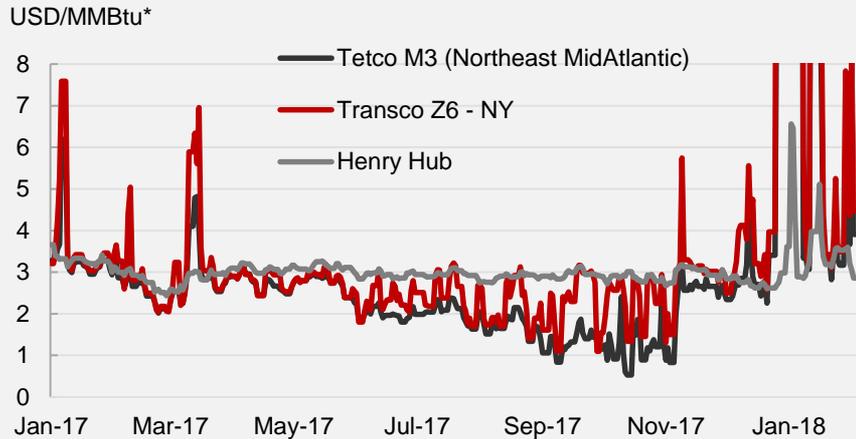


Liquidity of European hubs



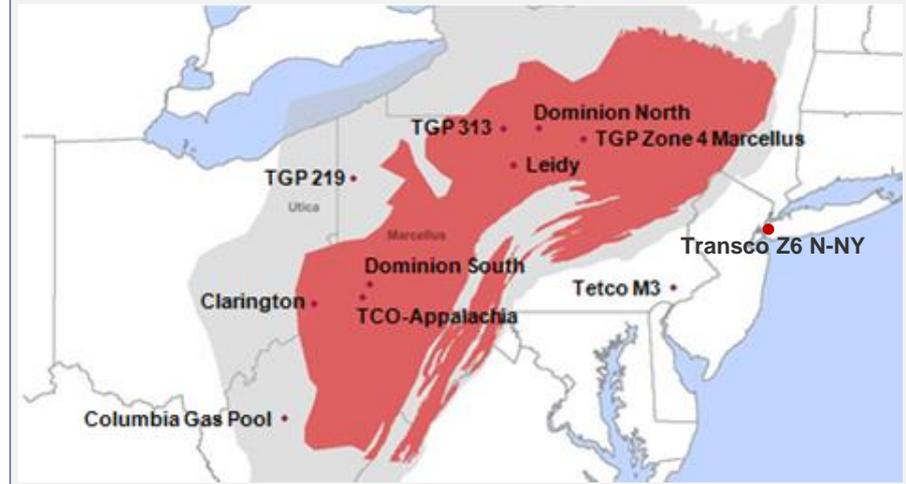
USA: Bottlenecks still playing a role

Tetco M3 versus Transco Z6 NY



*The prices are capped

Marcellus area spot trading points

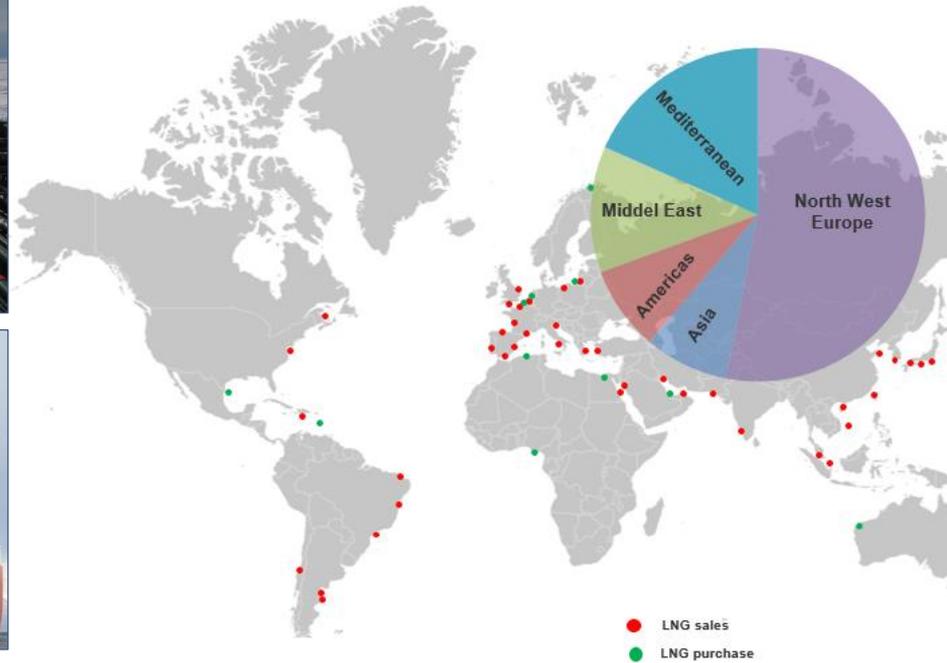


Statoil's LNG activities

- Expand Atlantic LNG footprint
- Develop position in Asia



Statoil's cargoes in 2017



Growing outside Europe



US

- Now producing ~ 10 BCM a year
- 60 % volume sold through long-term pipeline commitments towards Toronto, New York City and the Gulf of Mexico



BRAZIL

- The largest international operator in Brazil
- Operator and partner of two large associated gas fields
- To deliver 15 – 20% of internal gas market

Digitalisation

- driver for material value creation

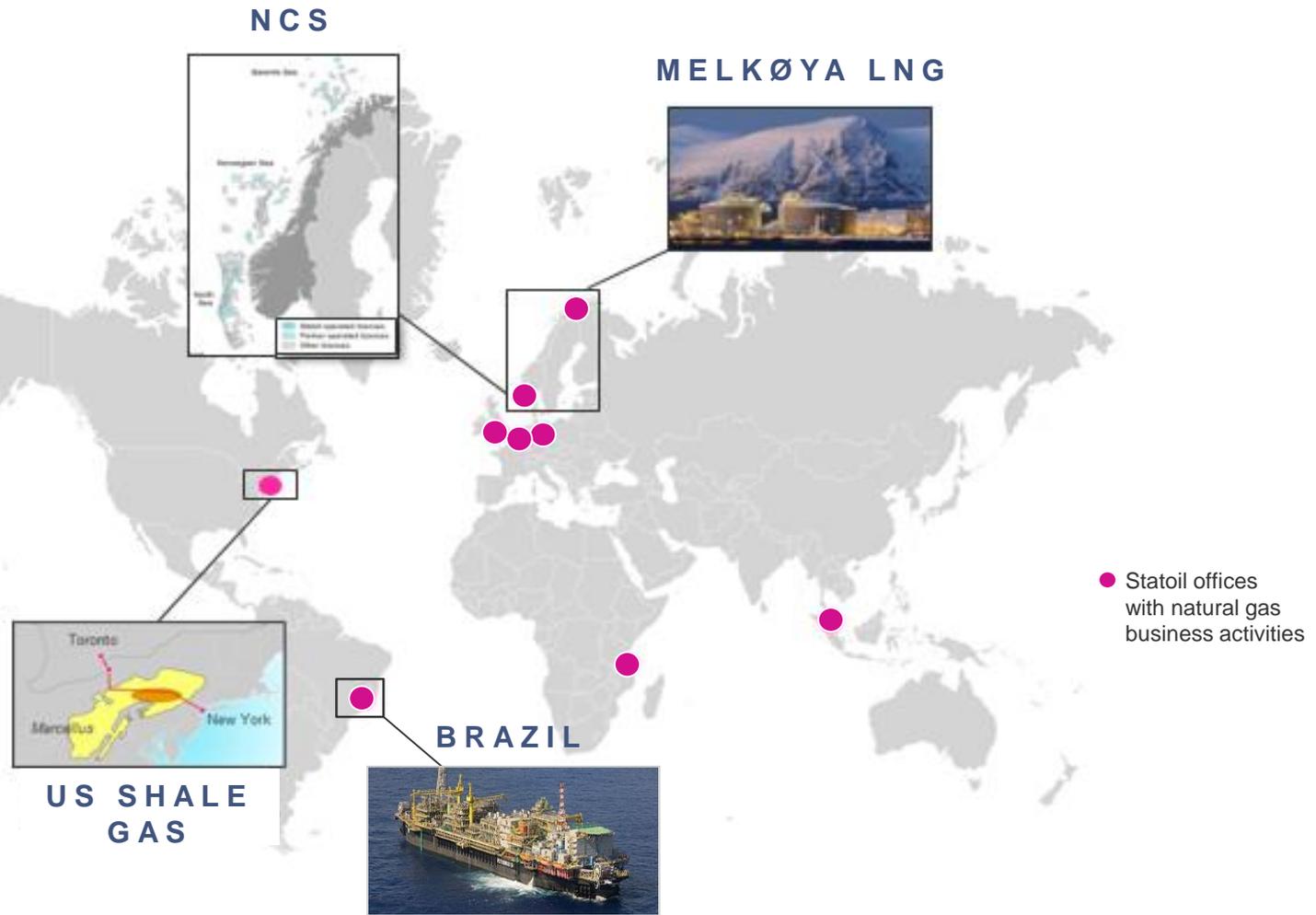


- Models and algorithms to support commercial decisions
- Blockchain digital platform

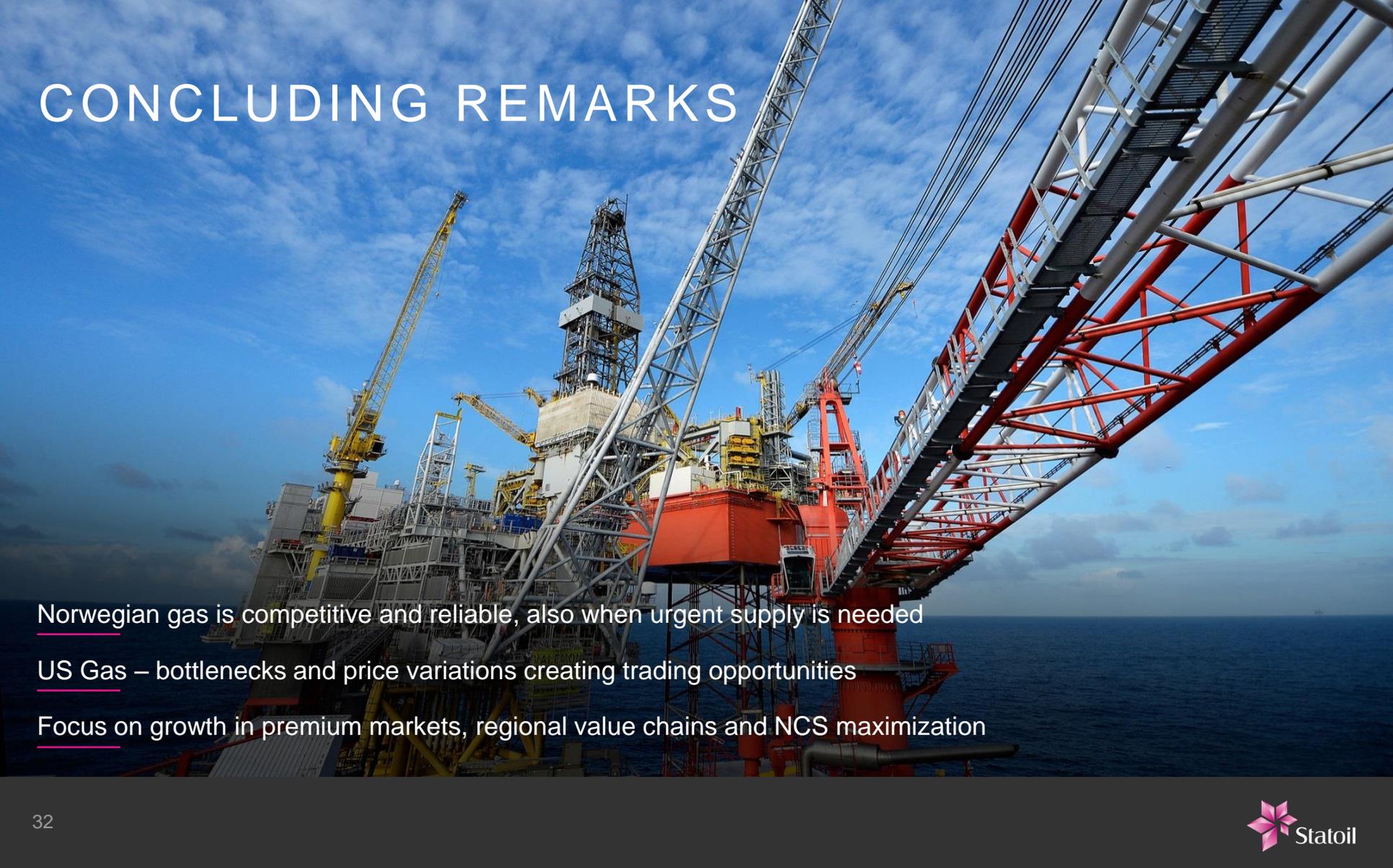


Focus 2018

- Premium markets
- Regional value chains
- NCS maximization



CONCLUDING REMARKS



Norwegian gas is competitive and reliable, also when urgent supply is needed

US Gas – bottlenecks and price variations creating trading opportunities

Focus on growth in premium markets, regional value chains and NCS maximization

Closing remarks by EVP Jens Økland



- Global economic growth and gas to power trend is spurring gas demand growth globally
- Asian and especially Chinese gas demand to exceed expectations supporting European gas prices
- Statoil's mid- and downstream business is in good shape to deliver strong profits going forward

Investor Relations in Statoil

E-mail: irpost@statoil.com

Investor Relations Europe

Peter Hutton	Senior Vice President	phutt@statoil.com	+44 788 191 8792
Lars Valdresbråten	IR Officer	lava@statoil.com	+47 40 28 17 89
Erik Gonder	IR Officer	ergon@statoil.com	+47 99 56 26 11
Anca Jalba	IR Officer	ancj@statoil.com	+47 41 08 79 88
Marius Javier Sandnes	Senior Consultant	mjsan@statoil.com	+47 90 15 50 93
Anne Sofie Dahle	Senior Consultant	asda@statoil.com	+47 90 88 75 54

Investor Relations USA & Canada

Helge Hove Haldorsen	Vice President	hehh@statoil.com	+1 281 224 0140
Ieva Ozola	IR Officer	ioz@statoil.com	+1 713 485 2682

Forward-looking statements

This presentation contains certain forward-looking statements that involve risks and uncertainties. In some cases, we use words such as "ambition", "continue", "could", "estimate", "expect", "believe", "focus", "likely", "may", "outlook", "plan", "strategy", "will", "guidance" and similar expressions to identify forward-looking statements. All statements other than statements of historical fact, including, among others, statements regarding plans and expectations with respect to market outlook and future economic projections and assumptions; Statoil's focus on capital discipline; expected annual organic production through 2017; projections and future impact of efficiency programmes including expected efficiency improvements, including expectations regarding costs savings from the improvement programme; capital expenditure and exploration guidance for 2017; production guidance; Statoil's value over volume strategy; organic capital expenditure for 2017; Statoil's intention to mature its portfolio; exploration and development activities, plans and expectations, including estimates regarding exploration activity levels; projected unit of production cost; equity production and expectations for equity production growth; planned maintenance and the effects thereof; impact of PSA effects; risks related to Statoil's production guidance; accounting decisions and policy judgments, ability to put exploration wells into profitable production, and the impact thereof; expected dividend payments, the scrip dividend programme and the timing thereof; estimated provisions and liabilities; and the projected impact or timing of administrative or governmental rules, standards, decisions or laws, including with respect to and future impact of legal proceedings are forward-looking statements. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including levels of industry product supply, demand and pricing; price and availability of alternative fuels; currency exchange rate and interest rate fluctuations; the political and economic policies of Norway and other oil-producing countries; EU developments; general economic conditions; political and social stability and economic growth in relevant areas of the world; global political events and actions, including war, political hostilities and terrorism; economic sanctions, security breaches; changes or uncertainty in or non-compliance with laws and governmental regulations; the timing of

bringing new fields or wells on stream; an inability to exploit growth or investment opportunities; material differences from reserves estimates; unsuccessful drilling; an inability to find and develop reserves; ineffectiveness of crisis management systems; adverse changes in tax regimes; the development and use of new technology; geological or technical difficulties; operational problems; operator error; inadequate insurance coverage; the lack of necessary transportation infrastructure when a field is in a remote location and other transportation problems; the actions of competitors; the actions of field partners; the actions of governments (including the Norwegian state as majority shareholder); counterparty defaults; natural disasters and adverse weather conditions, climate change, and other changes to business conditions; an inability to attract and retain personnel; relevant governmental approvals; industrial actions by workers and other factors discussed elsewhere in this report. Additional information, including information on factors that may affect Statoil's business, is contained in Statoil's Annual Report on Form 20-F for the year ended December 31, 2016, filed with the U.S. Securities and Exchange Commission (and section 2.10 Risk review – Risk factors thereof). Statoil's 2016 Annual Report and Form 20-F is available at Statoil's website www.statoil.com.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any of these statements after the date of this report, whether to make them either conform to actual results or changes in our expectations or otherwise.