Creating value in times of low commodity prices

Statoil gas seminar, 18 February 2016, London

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

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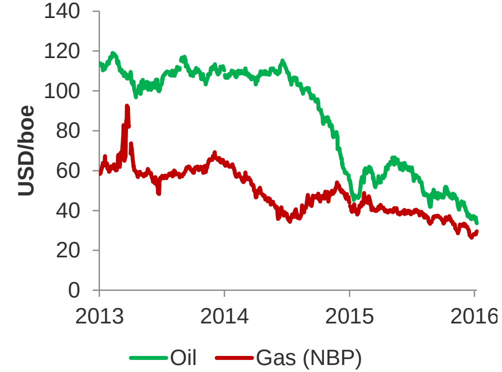
Our industry is in a challenging situation

- Low oil and gas prices
- High costs
- Oil and gas in a decarbonising world

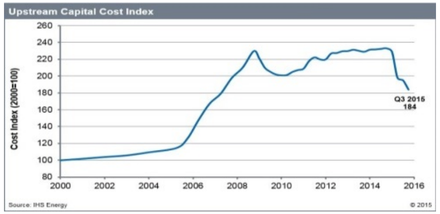
Commodity prices



Climate

PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11

Costs

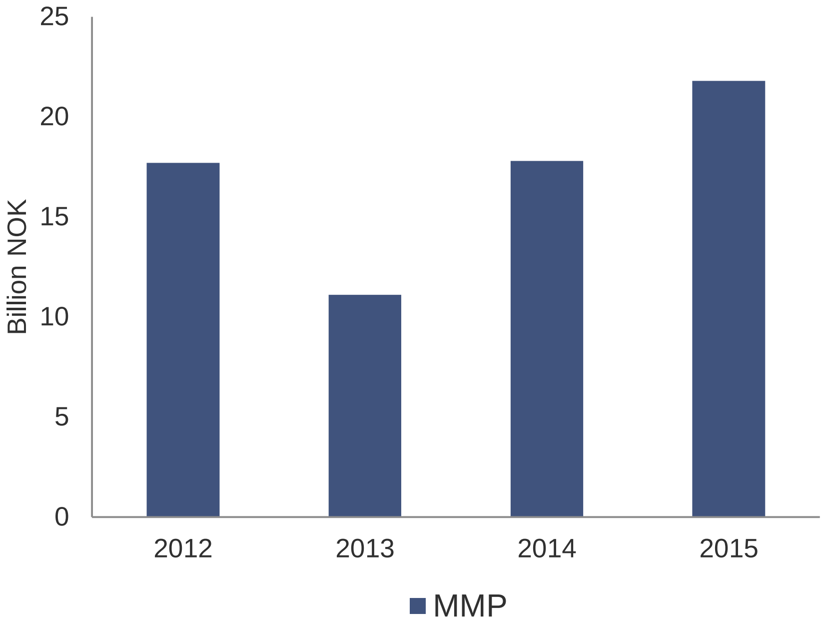


Sources: Platts, Heren, IHS

Statoil's mid- and downstream business is adding value

- With low commodity prices, the relative importance of our mid- and downstream activity increases
- Through Asset Backed Trading, the value of our products can be increased
- MMP earnings in 2015 exceeds NOK 20 billion and accounts for nearly 30% of Statoil's adjusted earnings

MMP[1)]- adjusted earnings[2)]

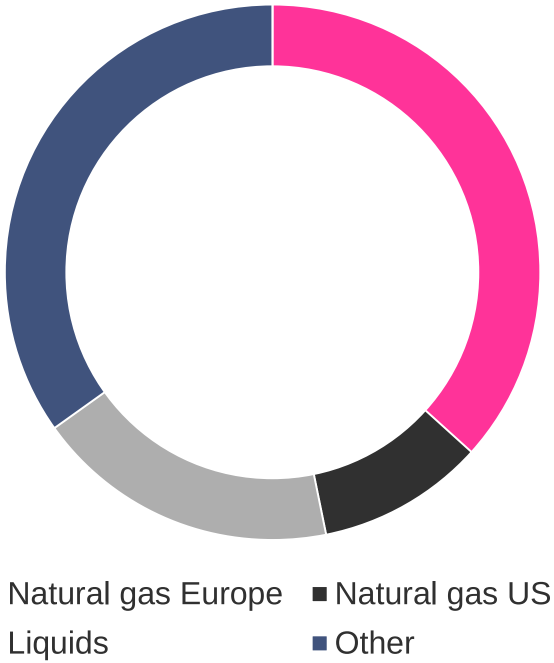


1) Marketing, Midstream & Processing (MMP). Before 2015: Marketing, Processing and Renewables (MPR)
2) Before tax
Source: Statoil

Asset Backed Trading – an extensive toolbox for value creation

- Our most successful trading activities imply use of physical infrastructure or contractual assets
  - Storages
  - Refineries
  - Terminals
  - Shipping
  - Rail
  - Capacity bookings
- Active use of assets add flexibility and optionality to our portfolio and increase our competitiveness

Adjusted earnings [1] MMP - 2015



1) Before tax
Source: Statoil

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Resetting costs in MMP

Continue efforts to become more competitive

A sustained culture of continuous improvement

Respond to complexity with simplicity

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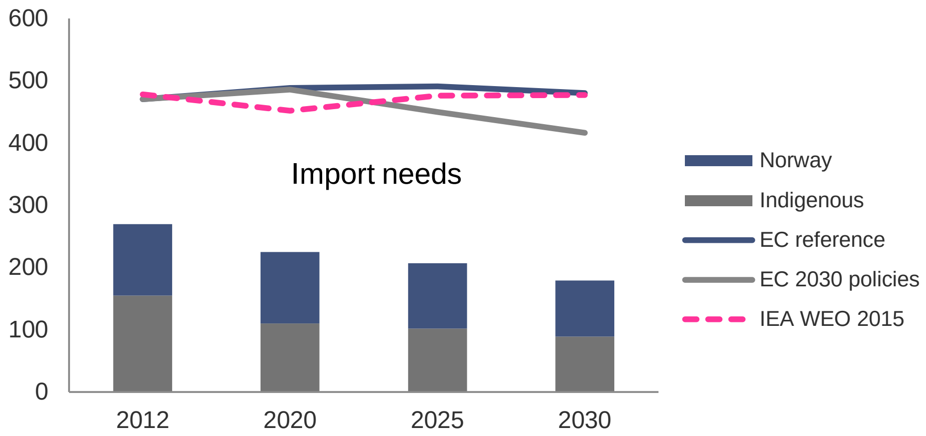
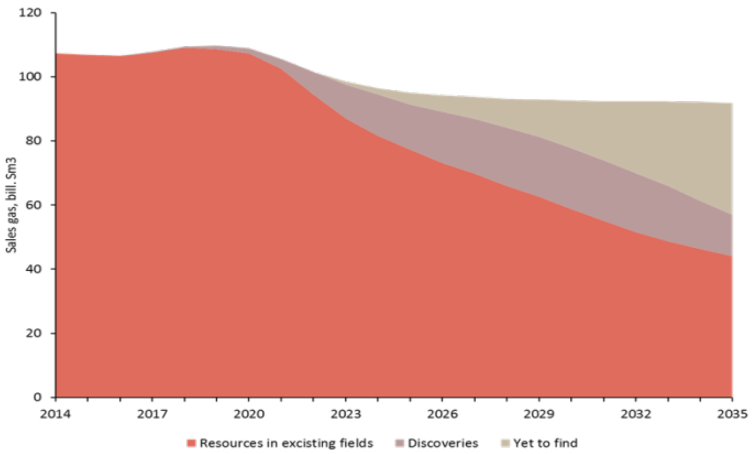
Opportunities in European gas markets

- Europe has a large and growing supply gap
- Norwegian gas is well placed as a cost-efficient supply source for the long term
- Due to its cleanness and versatility, gas will remain a key part of European energy supply

Outlook for EU demand and indigenous supply



Outlook for Norwegian gas production



Sources: IEA, European Commission, Norwegian Petroleum Directorate

Thank you

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European gas market outlook

Statoil gas seminar, 18 February 2016, London

Olav Kolbeinstveit, Vice President, Statoil Market Analysis

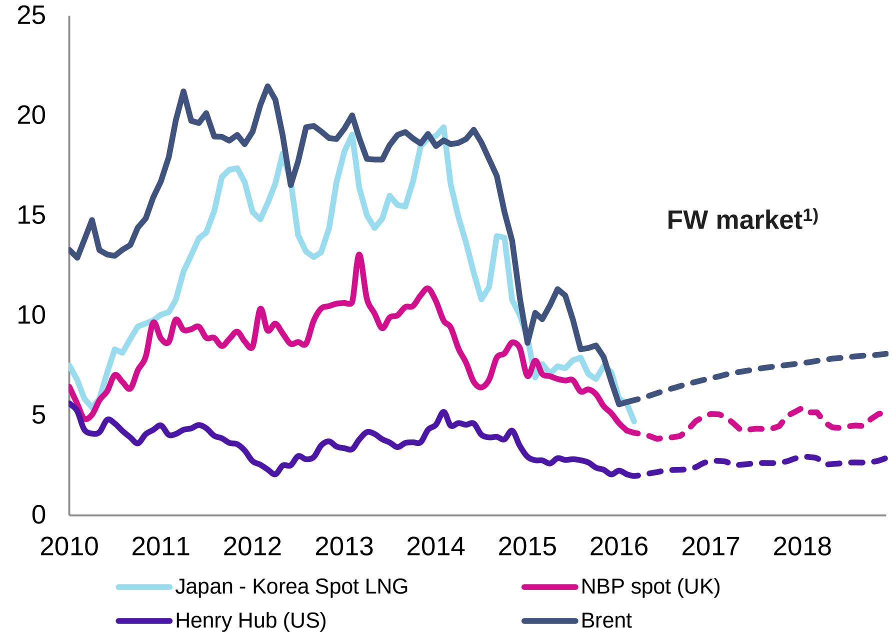
European gas price drivers – more than oil

Price fall less severe than for oil

Key European gas market drivers

- Demand
  - Competing fuels
  - Temperature
- Supply
  - Flexible long-term contracts
  - LNG supply

Brent and global gas prices
USD/MMBtu



1) Forward prices as of 15 February 2016, NYMEX Henry Hub Forward 12 February 2016
2) Sources: Platts, ICE, NYMEX, Statoil ASA

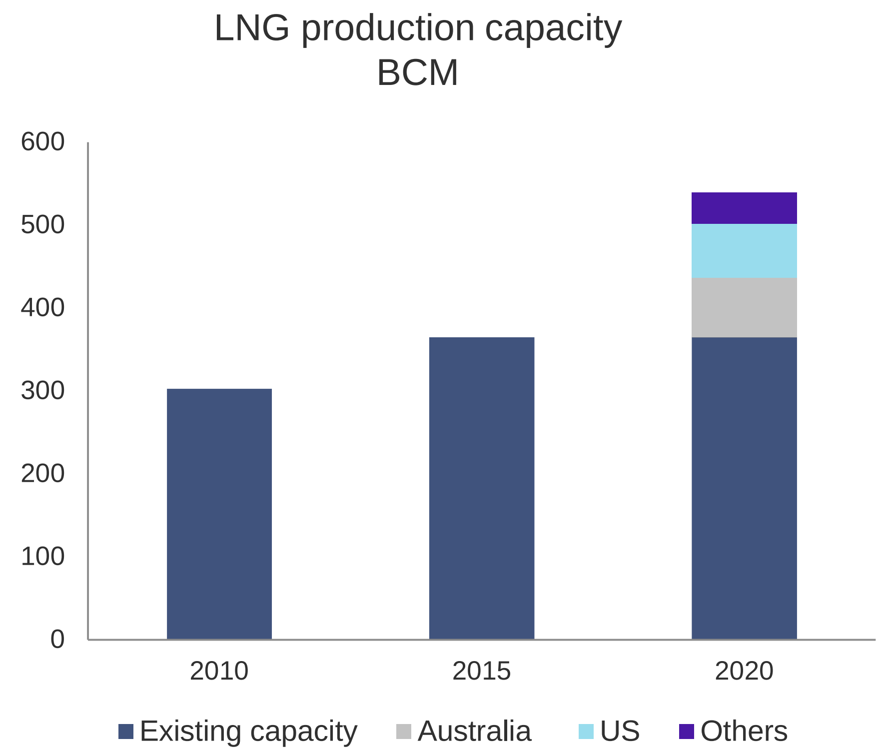
Growing global LNG liquefaction capacity

The LNG market is cyclical

US LNG exports:

- Limited volumes in 2016
- Significant volumes contracted by portfolio players
- Tolling contracts

Current LNG price level does not justify new investments

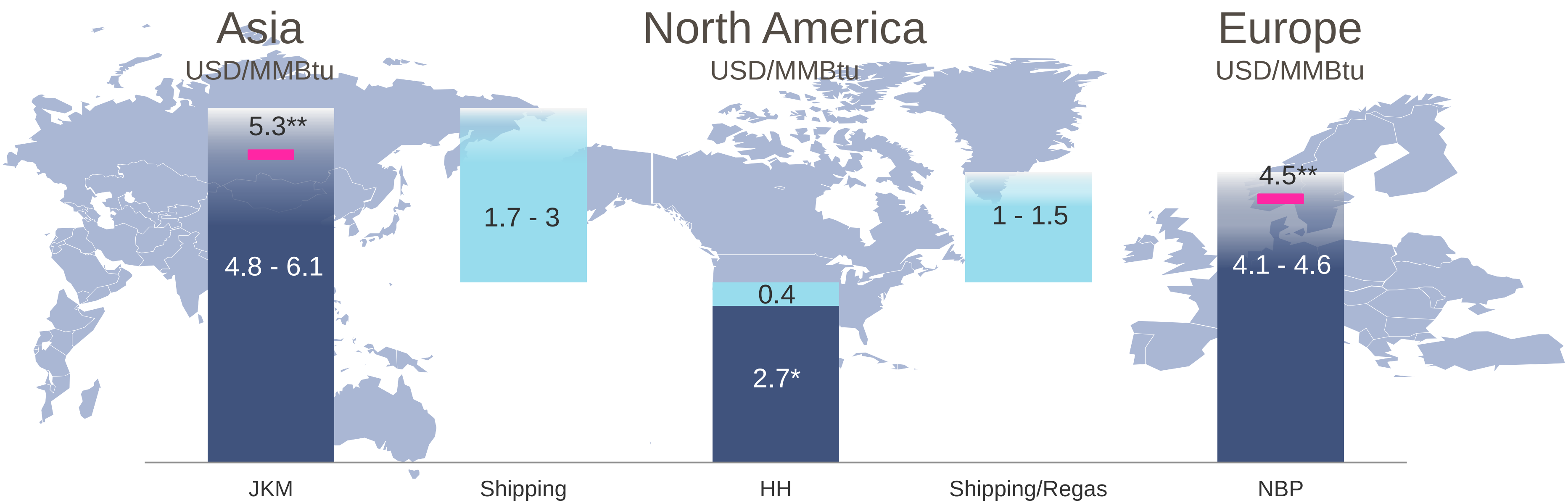


Source: IHS CERA, Pira, Statoil ASA

US LNG currently on the margin in Europe

US LNG will flow according to price signals – or at all?

Short-run marginal cost ranges for US LNG supply to Asia and Europe



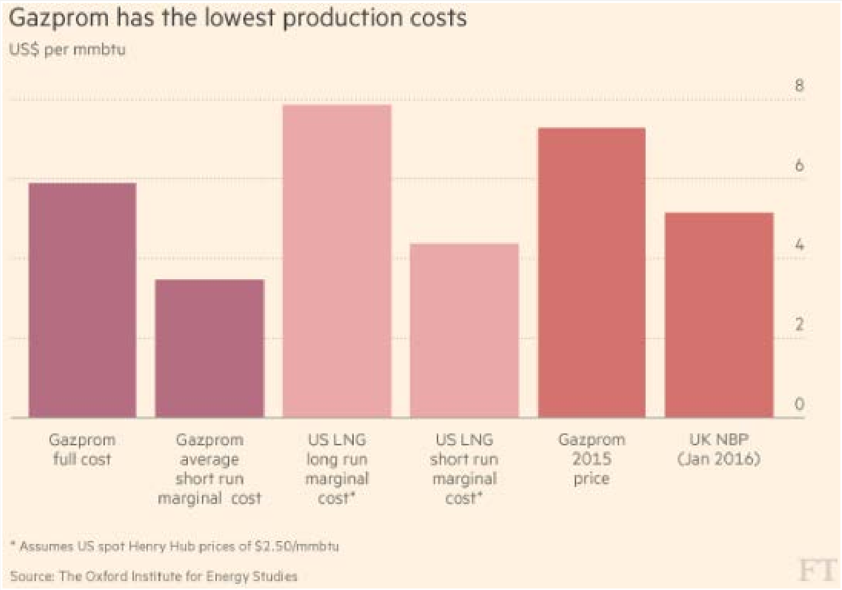
* NYMEX Henry Hub Forward curve for Calendar 2017 12 February 2016

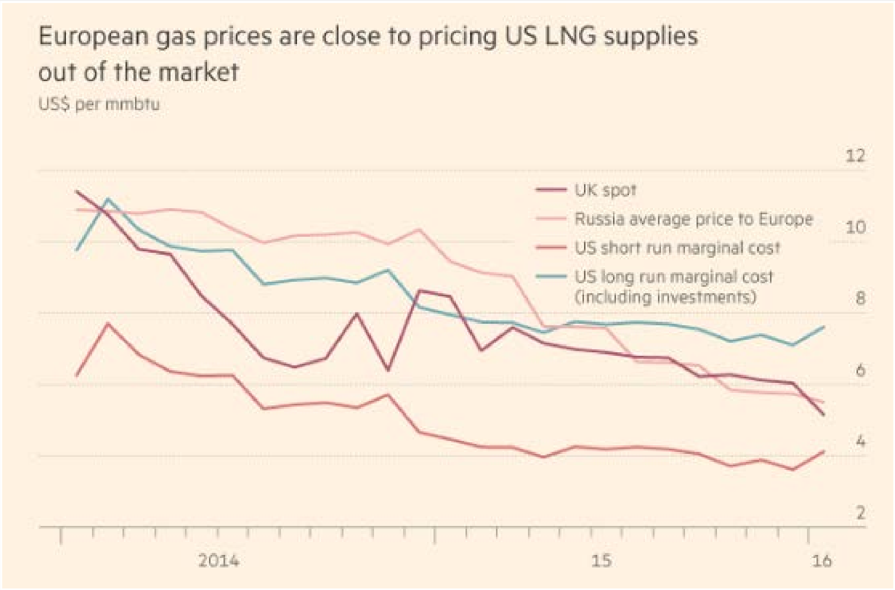
** ICE NBP Forward curve for Calendar 2017 15 February 2016 and Platts JKM spot

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

US LNG most expensive source to Europe

Financial Times 3 February 2016

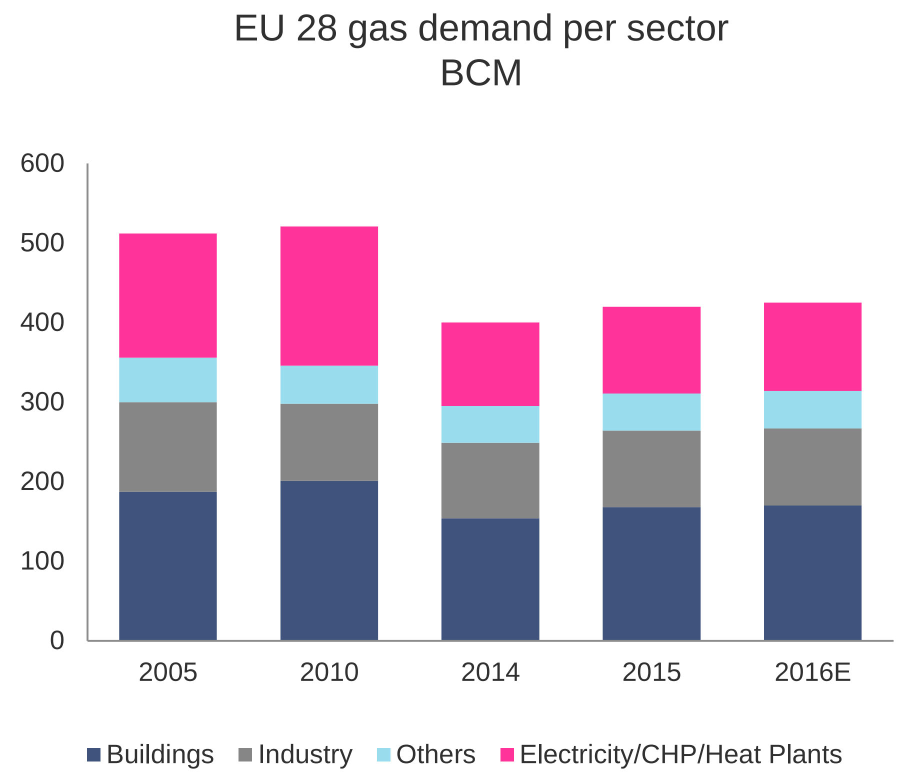




EU28 gas consumption has bottomed out

Gas to power is expected to recover

- Historic drop in consumption mainly related to gas to power
- No growth expected in the buildings sector
- Stable demand in the industry sector



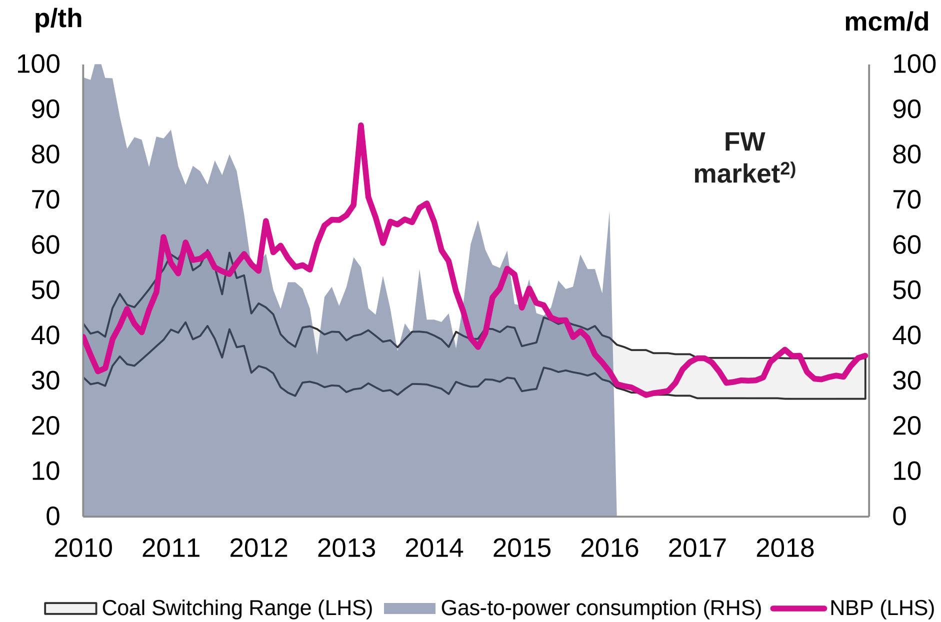
Sources: European TSO's, ENTSOG, Eurostat, IEA,

CCGTs[1)] in the UK competitive with coal plants

Carbon tax drives gas to power recovery

- Gas to power demand is price sensitive
- Growing political willingness to curb use of coal

UK Coal switching range and gas-to-power consumption



1) Combined Cycle Gas Turbine (CCGT)
2) Forward prices as of 15 February 2016
Sources: ICIS Heren, ICE, Statoil ASA

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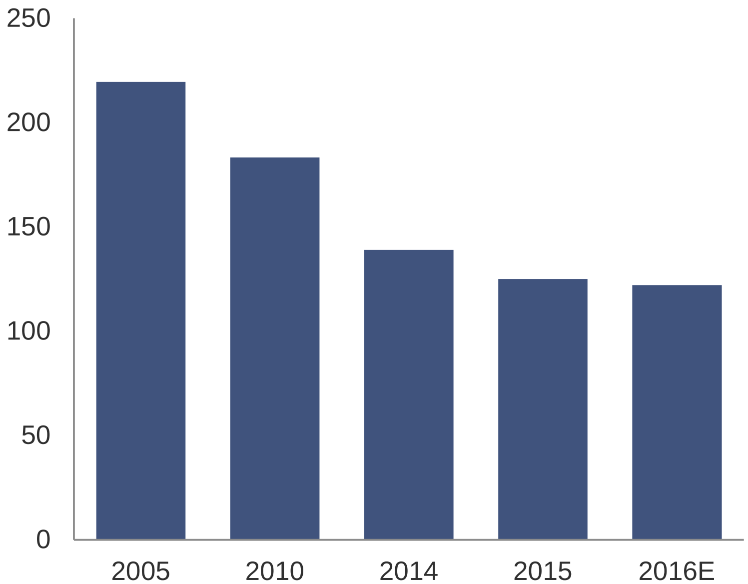
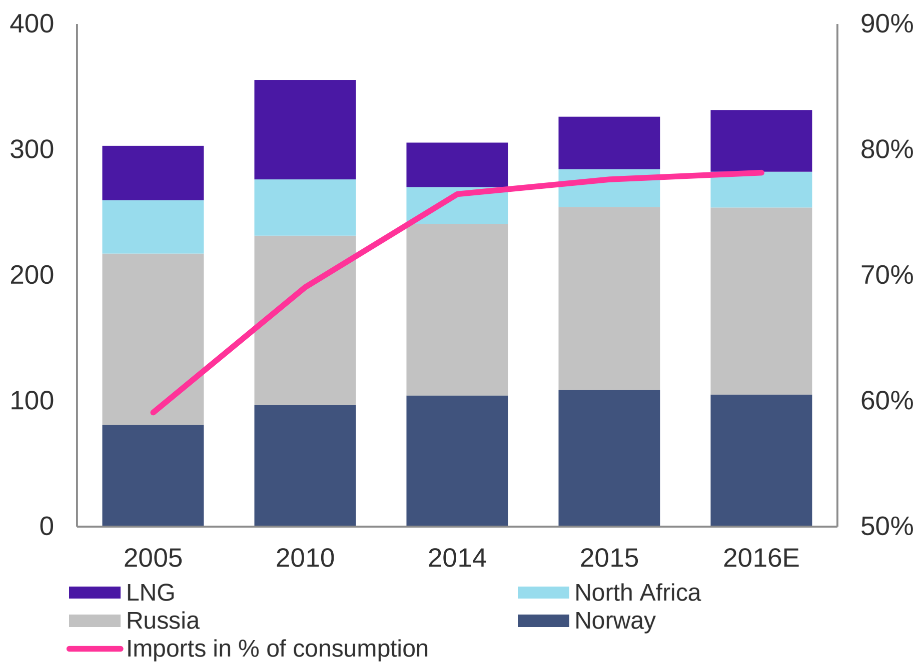
EU 28 natural gas imports increasing

Record low indigenous production in 2015

Indigenous production EU 28
BCM



EU 28 gas imports
BCM



Sources: European TSO's, Eurostat, IEA, PIRA

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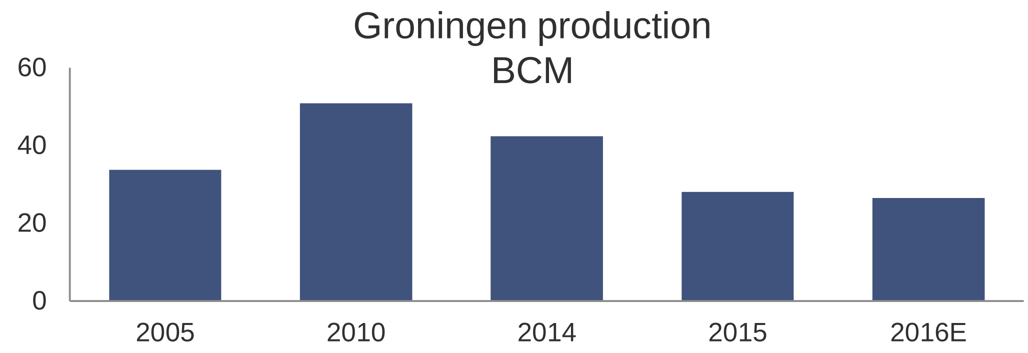
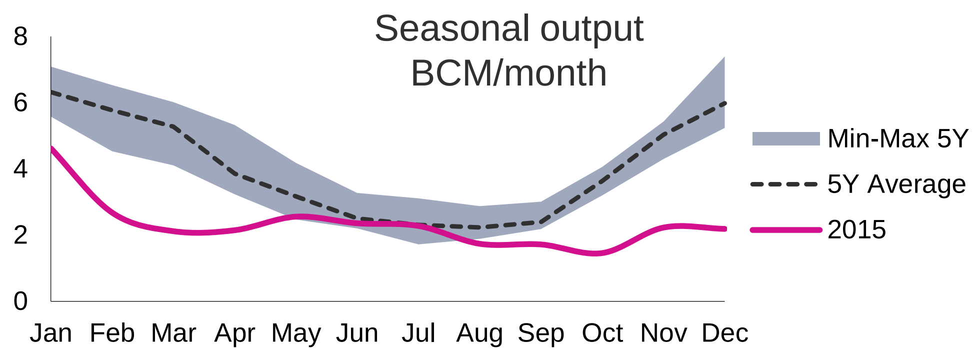
Dutch gas production capped

Seasonal flexibility hit

- Groningen
  - Production cap 27 bcm
  - Was key source of flexibility

- Flexible Norwegian gas important





Source: NAM, Dutch Energy ministry

Concluding remarks

- Challenging period – risks to the upside
- LNG connecting regional markets
- Increasing import needs to Europe

Thank you

Capturing business opportunities

Statoil gas seminar, 18 February 2016, London

Tor Martin Anfinnsen, Senior Vice President, Marketing and Trading

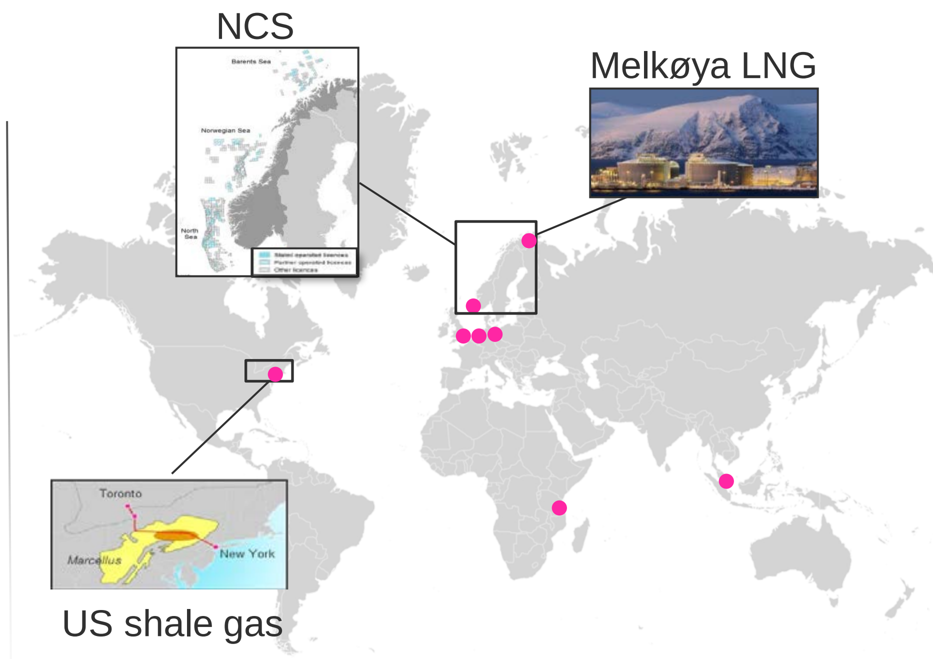
A major gas player with Europe as gravity point

NCS

- Largest gas producer on NCS[1)]
- Pipeline gas to North West Europe
- Melkøya LNG facility

USA

- Shale gas production in Marcellus
- Deliveries of gas to Toronto and New York City



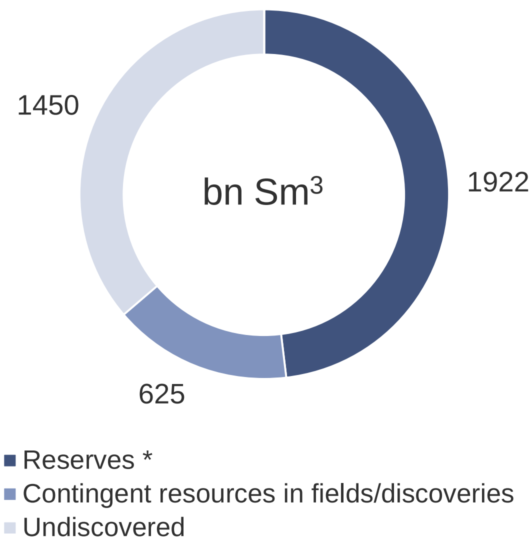
● Statoil offices with natural gas business activities

1) Norwegian continental shelf (NCS)

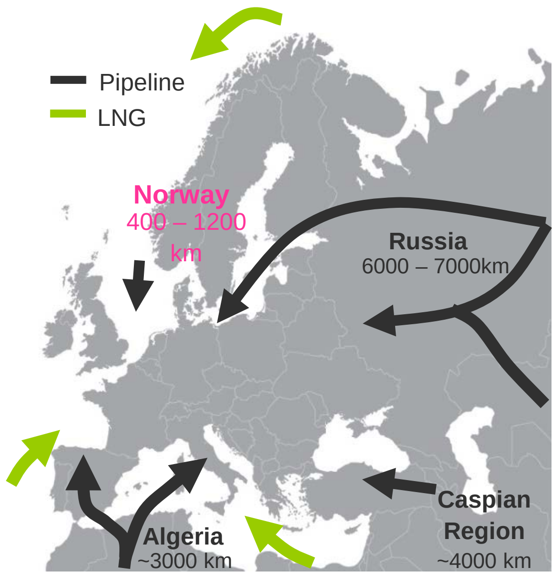
Statoil's gas is well positioned in Europe

Access to an integrated and flexible pipeline infrastructure

Large gas resource potential on the NCS



Proximity to markets

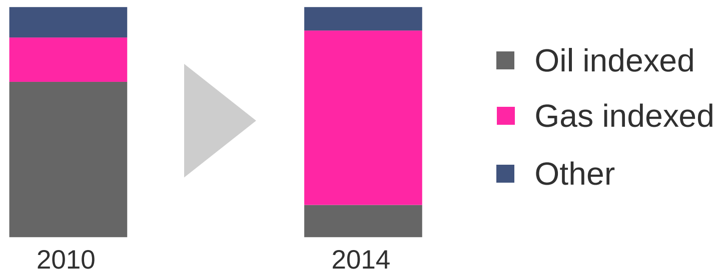


* Statoil share of NCS reserves ~34%
Source: Norwegian Petroleum Directorate (NPD) resource account as of 31.12.2014

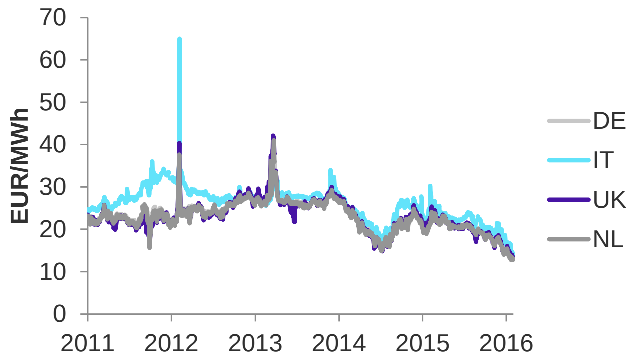
Our marketing strategy

- Developments in gas market give new sales channels and opportunities
  - Transformation away from oil-indexing
  - Unbundling of the value chain and third party access
  - Development of liquid hubs
- Long-term contracts are still important, but take on a modernised form

Statoil's contract portfolio has changed



European gas prices are converging



Source: ICIS Heren

Capturing value at the trading desk

Capitalise on NCS equity gas position

Optimising production in time, volume and geography

Manage risk in contract portfolio

Keep volume commitments and safeguard cash flow

Monetise total portfolio through trading

Execute optimisation strategies and trade around total portfolio

Seising upstream opportunities on the NCS

Providing services to NCS peers

- Gas modulation, transport and back-up services
- Dispatching services
- Blending services to meet quality specs
- Fuel and injection gas

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Taking opportunities in a global LNG market

- Highly flexible LNG portfolio creating new business opportunities
- The LNG protfolio is made up predominantly of equtiy volumes combined with third party volumes
- The global LNG market provides trading opportunities for our LNG portfolio

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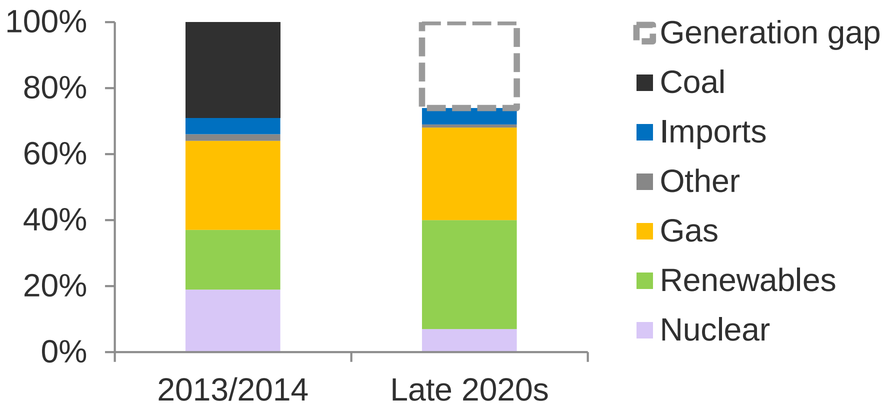
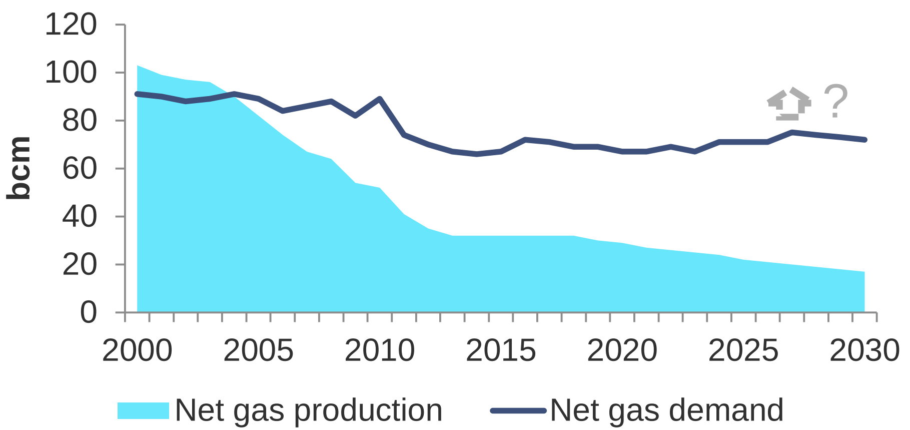
Gas meets UK's energy needs

- Coal phase out and falling indigenous production is creating an energy gap
- Gas is key to a stable energy solution

Coal phase out gives energy gap in UK



Growing UK import need



Concluding remarks

- Despite current market prices, our outlook for gas in Europe remains positive
- Statoil's gas activity has an extensive toolbox of value-creating options
- Coal phase out in the UK is giving new opportunities for gas

Thank you

Longer-term gas market perspectives

Statoil gas seminar, 18 February 2016, London

Eirik Wærness, Senior Vice President and Chief Economist

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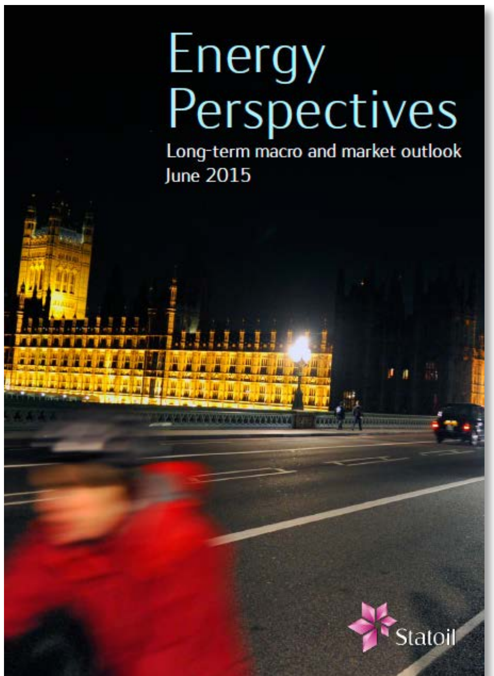
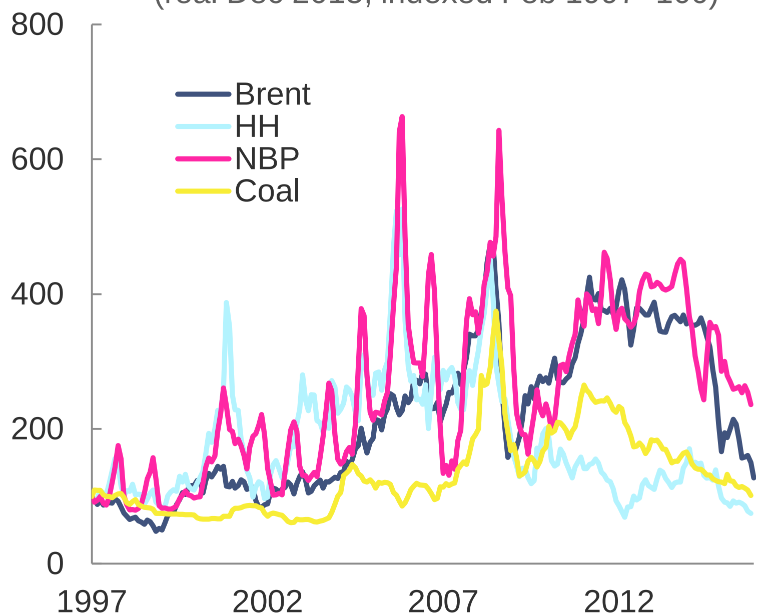
Long-term Energy Perspectives

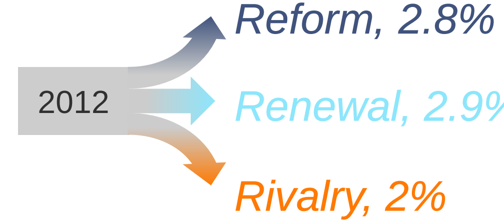
Short-term volatility – long-term trends, across different scenarios



Commodity prices

(real Dec 2015, indexed Feb 1997=100)





Source: Thomson Reuters Datastream

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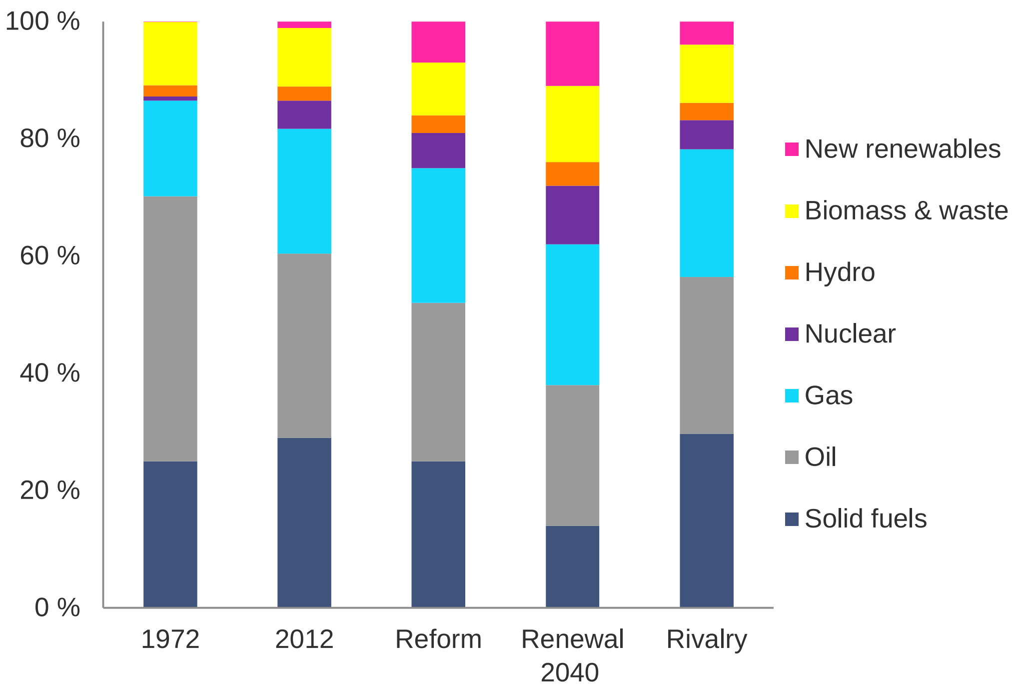
It takes decades to change the global fuel mix

New renewables set for rapid growth, robust gas demand across scenarios

World fuel mix 1972 - 2040



- Economic growth and structure
- Energy efficiency improvements
- Demography, urbanisation
- Energy and climate policies
- Geopolitics, energy security
- Fuel costs, availability, prices
- Technological evolution, costs
- Consumer preferences

Source: IEA (history), Statoil (projections)

Paris COP21 – a breakthrough?

Achieving the targets entails a significant role for natural gas

PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11

- Significant improvement: common target
- Several scenarios possible
  - The outcome is NOT given
- Implications for natural gas:
  - Good news, if implemented
  - INDCs[1)] typically not concrete on gas
  - Replacement of coal required
  - Carbon emission schemes revitalised?

1) Intended Nationally Determined Contributions (INDC)

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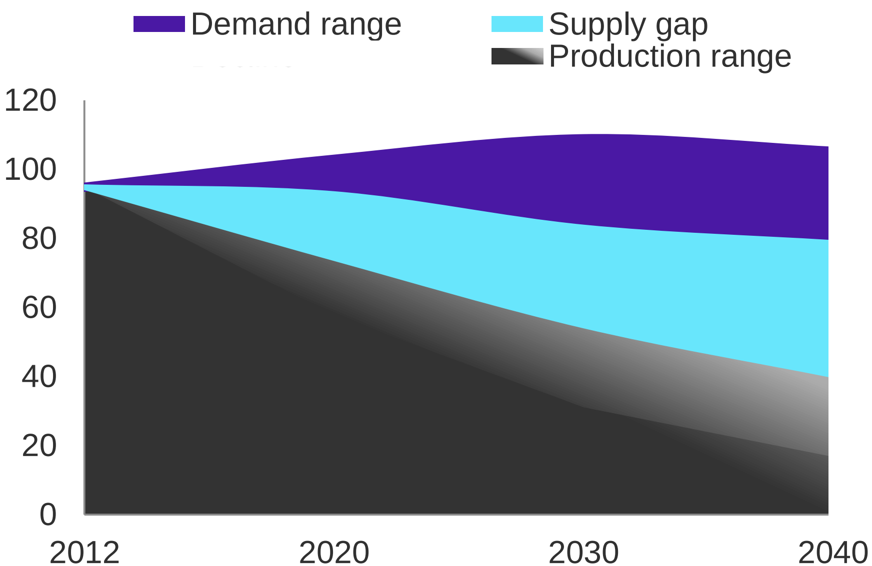
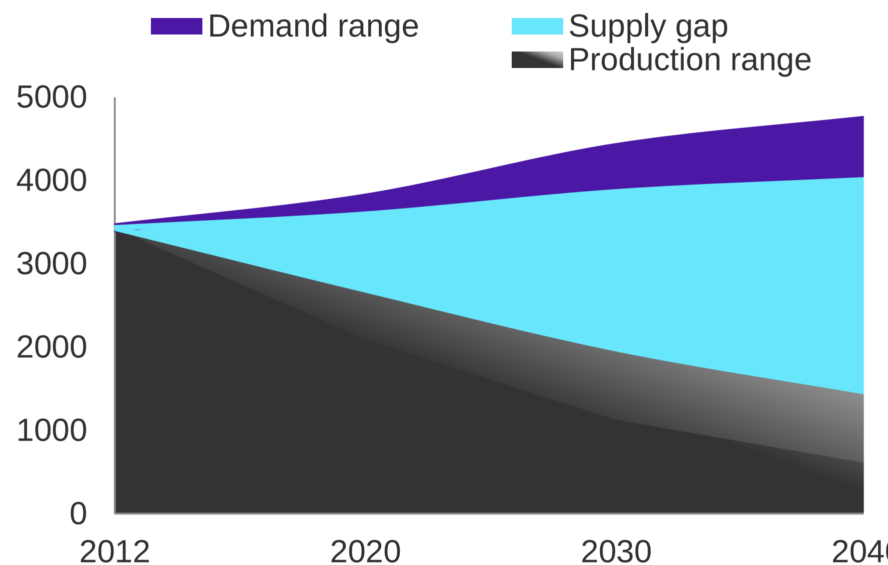
Oil and gas are here to stay

Considerable supply gap in all scenarios, and gas demand increases in all

Oil demand*, supply from existing fields
Mbd



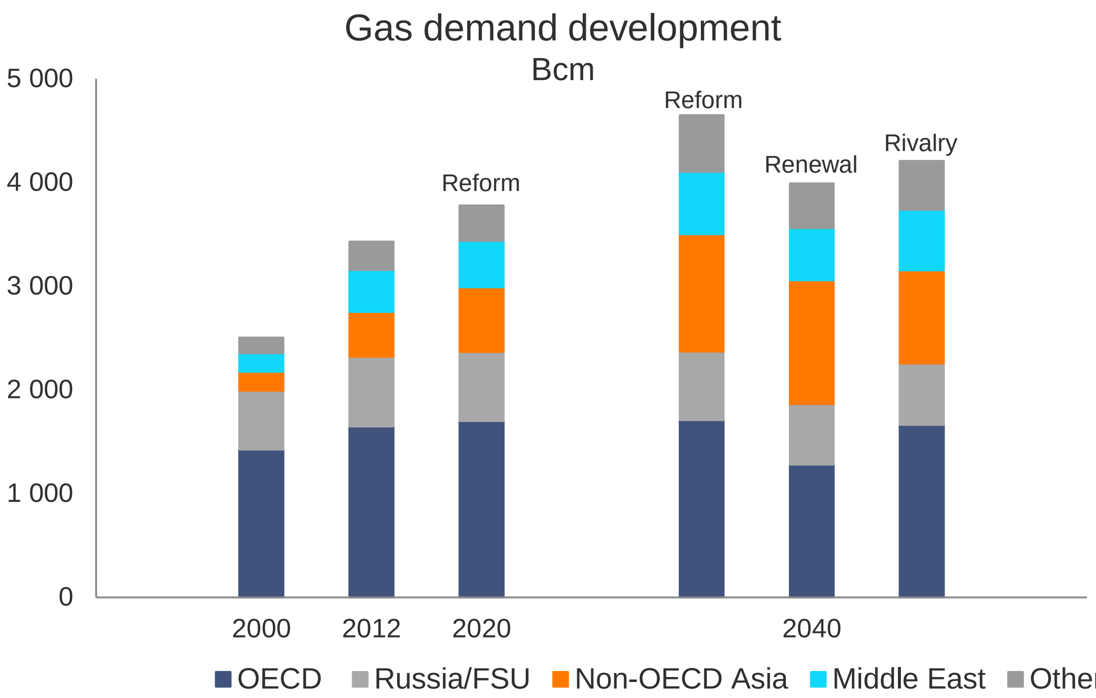
Gas demand, supply from existing fields
Bcm

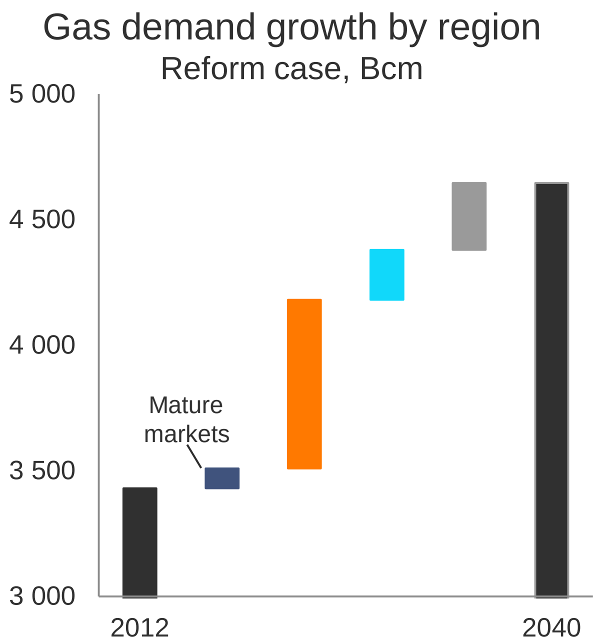


* Excl. Bio-fuels
Source: IEA (history), Statoil (projections)

Regional variation in long-term demand outlook

Non-OECD Asia drives global markets, ~500-750 bcm demand growth



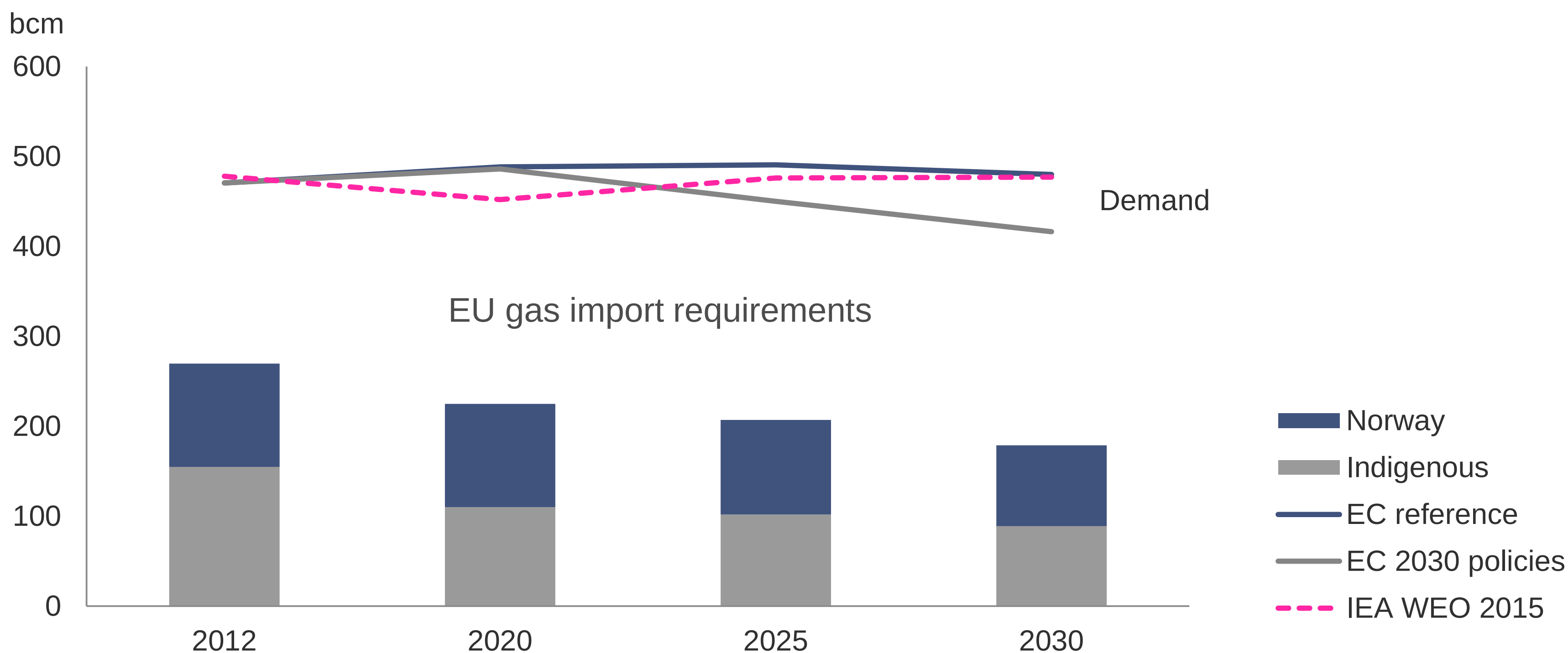


Mature markets: OECD & Russia / FSU

Source: IEA (history), Statoil (projections)

Europe's gas imports will grow

EU has to pursue a policy making Europe attractive for gas suppliers



Source: European Commission, IEA, Statoil, Eurogas

Key long-term issues in summary

- It takes decades to change the fuel mix
- COP21 an important milestone
- Gas demand increases in all scenarios
- Demand driven by Non-OECD Asia
- Europe needs more gas imports
- Regional gas pricing globally linked

Thank you

Conclusions

- Statoil MMP is an important value driver for Statoil
- Our asset backed trading model is an important tool for generating value
- We maintain a positive view on the long-term outlook for gas in Europe

Thank you

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", "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 future financial position, results of operations and cash flows; changes in the fair value of derivatives; future financial ratios and information; future financial or operational portfolio or performance; future market position and conditions; business strategy; growth strategy; future impact of accounting policy judgments; sales, trading and market strategies; research and development initiatives and strategy; projections and future impact related to efficiency programs, market outlook and future economic projections and assumptions; competitive position; projected regularity and performance levels; expectations related to our recent transactions and projects, completion and results of acquisitions, disposals and other contractual arrangements; reserve information; future margins; projected returns; future levels, timing or development of capacity, reserves or resources; future decline of mature fields; planned maintenance (and the effects thereof); oil and gas production forecasts and reporting; domestic and international growth, expectations and development of production, projects, pipelines or resources; estimates related to production and development levels and dates; operational expectations, estimates, schedules and costs; exploration and development activities, plans and expectations; projections and expectations for upstream and downstream activities; oil, gas, alternative fuel and energy prices; oil, gas, alternative fuel and energy supply and demand; natural gas contract prices; timing of gas off-take; technological innovation, implementation, position and expectations; projected operational costs or savings; projected unit of production cost; our ability to create or improve value; future sources of financing; exploration and project development expenditure; effectiveness of our internal policies and plans; our ability to manage our risk exposure; our liquidity levels and management; estimated or future liabilities, obligations or expenses and how such liabilities, obligations and expenses are structured; expected impact of currency and interest rate fluctuations; expectations related to contractual or financial counterparties; capital expenditure estimates and expectations; projected outcome, objectives of management for future operations; impact of PSA effects; projected impact or timing of administrative or governmental rules, standards, decisions, standards or laws (including taxation laws); estimated costs of removal and abandonment; estimated lease payments, gas transport commitments 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 directives; general economic conditions; political and social stability and economic growth in relevant areas of the world; the sovereign debt situation in Europe; global political events and actions, including war, terrorism and sanctions; security breaches; situation in Ukraine; changes or uncertainty in or non-compliance with laws and governmental regulations; the timing of bringing new fields 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, 2014, filed with the U.S. Securities and Exchange Commission, which can be found on Statoil's website at 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 the forward-looking statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this report, either to make them conform to actual results or changes in our expectations.