Global macroeconomic and oil market context

Eirik Waerness, Chief Economist and SVP MMP MMA
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 Equinor’s returns, balance sheet and long-term underlying earnings growth; market outlook and future economic projections and assumptions capital expenditure and exploration guidance for 2018 and beyond, production guidance through 2020; CAGR for the period 2017–2020; organic capital expenditure for 2018; Equinor’s intention to mature its portfolio; exploration and development activities, including estimates regarding exploration activity levels; ambition to keep unit of production cost in the top quartile of its peer group; equity production and expectations for 2018; planned maintenance activity and the effects thereof for 2018; accounting decisions and policy judgments, ability to put exploration wells into profitable production, and the impact thereof; expected dividend payments and dividend subscription price; estimated provisions and liabilities, including the COSL Offshore Management AS litigation implementation of IFRS 16; and the impact thereof, planned and announced acquisitions and divestments, including timing and impact thereof, including the acquisition of Danske Commodities; the acquisition of Barra Energia’s interest in the BM-S-8 licence; the acquisition of Chevron’s interest in the Rosebank project; the divestment of our operated interest in the King Lear discovery to Aker BP, and the divestment of our non-operated interest in the Tormølten to PGNiG and other pending acquisitions and divestments discussed in this report; 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, labour relations, and industrial actions by workers and other factors discussed elsewhere in this report. Additional information, including information on factors that may affect Equinor’s business, is contained in Equinor’s Annual Report on Form 20-F for the year ended December 31, 2017, filed with the U.S. Securities and Exchange Commission (and section 211 Risk review – Risk factors thereof). Equinor’s 2017 Annual Report and Form 20-F is available at Equinor’s website www.equinor.com.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of 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.
The peak of global economic growth is likely behind us ... representing a modest downside to currently healthy oil demand growth.

Source: IMF, IHS Markit (history) and Equinor (projections)

Source: IEA
In an uncertain world emerging markets are under pressure ... rising energy import bills are an important part of the picture.
Immigration is a widely discussed topic in a more uncertain world ... but it is important to understand the pluses and minuses

Migrant stock
Millions, 2017

Short and medium term
• Private consumption
• Government consumption
Long term
• Labor market participation
• Demographics

Short and medium term
• Integration costs
Long term
• Productivity loss?
• Unemployment?

Source: UN, AP Images
Escalation of trade tensions starts to bite and influence commodity flows ...but recent talks give reason for cautious optimism

Source: Global Intensions, Thomson Reuters Datastream
Iranian sanctions leave their mark on the global oil market ...and influence growth, currency and inflation in Iran

Economic growth in Iran and Russia (% change y/y)

Iranian oil production and supply disruption (mbd)

Source: IHS Markit, Financial Times

Source: Petromatrix, IEA, Equinor
Towards a more balanced market
Expect continued market management from Opec and Russia

Source: IEA, Equinor
Current strength in global oil market likely to lose momentum

<table>
<thead>
<tr>
<th>Impact on price</th>
<th>Q4 2018</th>
<th>MT (2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global oil demand</td>
<td><img src="image1" alt="Graph" /></td>
<td><img src="image2" alt="Graph" /></td>
</tr>
<tr>
<td>Global shale production</td>
<td><img src="image3" alt="Graph" /></td>
<td><img src="image4" alt="Graph" /></td>
</tr>
<tr>
<td>Non-Opec production</td>
<td><img src="image5" alt="Graph" /></td>
<td><img src="image6" alt="Graph" /></td>
</tr>
<tr>
<td>Opec interventions</td>
<td><img src="image7" alt="Graph" /></td>
<td><img src="image8" alt="Graph" /></td>
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<tr>
<td>Supply disruptions</td>
<td><img src="image9" alt="Graph" /></td>
<td><img src="image10" alt="Graph" /></td>
</tr>
<tr>
<td>Commercial inventories</td>
<td><img src="image11" alt="Graph" /></td>
<td><img src="image12" alt="Graph" /></td>
</tr>
</tbody>
</table>

Brent prices (USD/bbl)

Sources: Platt's, ICIS

- Dated Brent
- This month
- Last month
Global gas markets

Elisabeth Aarrestad
Vice President, Market Analysis
Highlights gas markets 2018

**US:**
- Rapid production growth and low prices
- Exports increasing and continued coal displacement

**EUROPE:**
- Persistent reduction in indigenous supply and subsequent high gas imports
- Strong prices due to further market globalization

**ASIA:**
- Strong LNG prices
- Driven by strong gas demand and oil prices
US gas balance
Exports crucial in balancing the market

US demand (Bcm)

Source: EIA, Equinor

US will become a top LNG exporter (Bcm)

Source: EIA, IHS
European demand
Gas is a flexible source for electricity, but high prices challenge gas' competitiveness

Sources: Eurostat, Wood Mackenzie, TSO’s Equinor Analysis

Sources: ICE, Argus, Equinor Analysis
European supply
European import dependency increases as a result of decline in the indigenous production

Sources: TSO's Equinor Analysis

* Net production entering markets NL, UK, Denmark, Italy, Germany, Hungary, Croatia, Romania and Poland
Global LNG supply
Continued demand growth, competition for the next supply window

Next wave of LNG*

Sources: IHS Waterborne, Equinor Analysis

* Brownfield expand on existing infrastructure. Greenfield build plant from scratch
Asian development impacting Europe
LNG imports to Europe has not increased y/y, however significant growth in Asia

LNG demand growth in 2017* and in 2018* y/y
Bcm

- 2017 y/y
- 2018 y/y

Sources: IHS Waterborne, Equinor Analysis
* as of end October and excl. Turkey
Strong global demand support European & Asian gas prices
LNG supply growth softens balance and reduce prices in medium term

<table>
<thead>
<tr>
<th>Key drivers Europe</th>
<th>Impact on price</th>
<th>Q4 2018</th>
<th>Medium term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pipeline imports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storage inventories</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand factors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global LNG demand</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global LNG supply</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Platt's, ICE, NYMEX, Argus, Equinor Analysis
IFRS 16 Leases

Morten Haukaas
Chief Accountant
IFRS 16 - Impact for Equinor

Note 22 Leases in the 2017 Annual Financial Statements

The information in the table below shows future minimum lease payments due and receivable under non-cancellable operating leases at 31 December 2017:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023-2027</th>
<th>2028-2032</th>
<th>Thereafter</th>
<th>Total future minimum lease payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bags</td>
<td>1,039</td>
<td>712</td>
<td>509</td>
<td>374</td>
<td>352</td>
<td>287</td>
<td>-</td>
<td>-</td>
<td>3,274</td>
</tr>
<tr>
<td>Vessels</td>
<td>615</td>
<td>393</td>
<td>382</td>
<td>304</td>
<td>233</td>
<td>498</td>
<td>93</td>
<td>13</td>
<td>2,532</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>155</td>
<td>140</td>
<td>136</td>
<td>133</td>
<td>134</td>
<td>621</td>
<td>369</td>
<td>50</td>
<td>1,737</td>
</tr>
<tr>
<td>Other</td>
<td>152</td>
<td>113</td>
<td>92</td>
<td>60</td>
<td>57</td>
<td>47</td>
<td>23</td>
<td>13</td>
<td>558</td>
</tr>
<tr>
<td>Total</td>
<td>1,961</td>
<td>1,359</td>
<td>1,119</td>
<td>872</td>
<td>777</td>
<td>1,453</td>
<td>485</td>
<td>76</td>
<td>8,101</td>
</tr>
<tr>
<td>Sublease</td>
<td>(125)</td>
<td>(105)</td>
<td>(104)</td>
<td>(68)</td>
<td>(22)</td>
<td>(61)</td>
<td>(0)</td>
<td>(0)</td>
<td>(484)</td>
</tr>
<tr>
<td>Net total</td>
<td>1,837</td>
<td>1,253</td>
<td>1,015</td>
<td>804</td>
<td>755</td>
<td>1,392</td>
<td>485</td>
<td>76</td>
<td>7,617</td>
</tr>
</tbody>
</table>
IFRS 16 - Impact for Equinor

**Financial statement**
- Balance sheet
  - Current Few leases on balance sheet
  - IFRS 16: All leases on balance sheet
- Income statement
  - Current OPEX
  - IFRS 16: Depreciation and Interest
- Cash flow statement
  - Current Operating and Investing
  - IFRS 16: Operating (small part) and Financing

**Key performance indicators**
- Net debt ratio
- Operating cash flow
- Free cash flow
- Capex
- RoACE
IFRS 16 - Deep dive in certain elements
IFRS 16 - Impact for Equinor

- Currency fluctuations on lease liabilities

<table>
<thead>
<tr>
<th>Legal company</th>
<th>Contract</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>NOK</td>
<td>USD</td>
</tr>
<tr>
<td>Lease liability x0</td>
<td>100</td>
<td>800</td>
</tr>
<tr>
<td>Lease liability x1</td>
<td>100</td>
<td>700</td>
</tr>
<tr>
<td>Gain - year x1</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
IFRS 16 - Deep dive in certain elements
Leases entered into by the license operator

- Who is the customer in the lease?
- **Substance:** Each participant is responsible for its pro-rata share of costs
- **IFRIC:** Who is primary responsible for the external liability?

### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>Today (IAS 17)</th>
<th>Operator net</th>
<th>Operator gross</th>
<th>Operator gross + fin sublease</th>
</tr>
</thead>
<tbody>
<tr>
<td>RoU asset</td>
<td></td>
<td>135</td>
<td>450</td>
<td>135</td>
</tr>
<tr>
<td>Fin sublease receivable</td>
<td></td>
<td>135</td>
<td>450</td>
<td>315</td>
</tr>
<tr>
<td>Lease liability</td>
<td></td>
<td></td>
<td>135</td>
<td>450</td>
</tr>
</tbody>
</table>

### Income Statement

<table>
<thead>
<tr>
<th></th>
<th>Today (IAS 17)</th>
<th>Operator net</th>
<th>Operator gross</th>
<th>Operator gross + fin sublease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Opex</td>
<td>-30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td>-27</td>
<td>-90</td>
<td>-27</td>
</tr>
<tr>
<td><strong>Net operating income</strong></td>
<td>-30</td>
<td>-27</td>
<td>-20</td>
<td>-27</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td>-5</td>
<td>-16</td>
<td>-16</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>-30</td>
<td>-32</td>
<td>-36</td>
<td>-32</td>
</tr>
</tbody>
</table>

**Example:**
5 year lease to be used on one license, with payment of 100 per year, NPV 450
Operator 30% WI, Partners 70%
Closing remarks

- Comparability still a challenge
- USGAAP versus IFRS
- Underlying business
  - Unchanged
- Cash inflows and cash outflows
  - Unchanged
IT and Digitalisation in Equinor

Åshild Hanne Larsen
Chief Information Officer and SVP IT
IT creates business value by...

- Fueling a data driven organisation
- Transforming to a fully digital Equinor
- Enabling an efficient work-day
- Safeguarding information and systems
Technology trends present significant opportunities for the energy industry

**Connectivity***

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion devices</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>7</td>
</tr>
<tr>
<td>2014</td>
<td>9</td>
</tr>
<tr>
<td>2015</td>
<td>10</td>
</tr>
<tr>
<td>2016</td>
<td>13</td>
</tr>
<tr>
<td>2017</td>
<td>16</td>
</tr>
<tr>
<td>2018</td>
<td>19</td>
</tr>
<tr>
<td>2019</td>
<td>23</td>
</tr>
<tr>
<td>2020</td>
<td>28</td>
</tr>
</tbody>
</table>

**Global data volume**

<table>
<thead>
<tr>
<th>Year</th>
<th>Zettabyte</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1</td>
</tr>
<tr>
<td>2013</td>
<td>2</td>
</tr>
<tr>
<td>2015</td>
<td>3</td>
</tr>
<tr>
<td>2017</td>
<td>4</td>
</tr>
<tr>
<td>2019</td>
<td>5</td>
</tr>
<tr>
<td>2021</td>
<td>11</td>
</tr>
<tr>
<td>2023</td>
<td>155</td>
</tr>
<tr>
<td>2025</td>
<td>160</td>
</tr>
</tbody>
</table>

**Storage cost***

<table>
<thead>
<tr>
<th>Year</th>
<th>USD/GE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>11</td>
</tr>
<tr>
<td>2005</td>
<td>1.24</td>
</tr>
<tr>
<td>2010</td>
<td>0.09</td>
</tr>
<tr>
<td>2015</td>
<td>0.04</td>
</tr>
<tr>
<td>2017</td>
<td>0.03</td>
</tr>
</tbody>
</table>

**Computational power***

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion transistors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>5</td>
</tr>
<tr>
<td>1980</td>
<td>10</td>
</tr>
<tr>
<td>1990</td>
<td>15</td>
</tr>
<tr>
<td>2000</td>
<td>20</td>
</tr>
<tr>
<td>2010</td>
<td>25</td>
</tr>
<tr>
<td>2018</td>
<td>30</td>
</tr>
</tbody>
</table>

Sources: *McKinsey  **Seagate  ***WebhostingGeeks  ****BUC.EDC.ORG
Digitalisation drives the next wave of improvements

Safety and sustainability strengthened through leveraging digital technologies

Digitalisation & innovation

Potential

Value creation producing fields
Above $2$ bn USD

Automated drilling – cost
Around $-15\%$

Field of the future – capex
Around $-30\%$

Field of the future – opex
Around $-50\%$

Integrated remote operations US Onshore
Around $500$ million USD

Added value
A digital roadmap to accelerate our transformation

1. Digital safety, security & sustainability
2. Subsurface analytics
3. Next generation well delivery
4. Field of the future
5. Data driven operations
6. Process digitalisation & commercial insight
Projects are already being delivered

Operational planning tool
Oseberg

Integrated operations centres
US and NCS

Subsurface data lake
Johan Sverdrup

Digital twin
Johan Sverdrup, Mariner, Costberg
Enabler 1: Increased data utilisation through OMNIA...

Data users
- Equinor employees
- Peers
- Suppliers
- Authorities

Applications
- PowerBI
- Spotfire
- Mobile & Web Apps

OMNIA – Equinor data platform
DATA, ANALYTICS AND SOLUTIONS FOR THE FUTURE

Data infra-structure
- Microsoft Azure
  - Cloud storage

Other tech suppliers

Data sources and capture from existing systems
- Production data
- Asset equipment data
- Subsurface data
- Financial data
- Procurement & logistics data

The 80/20 challenge

Huge amounts of industrial data

3000 IT applications

Reservoir experience platform
Enabler 2: Utilising and expanding our external ecosystem...

- Traditional industry suppliers
- Academia and research institutions
- Big IT and Tech companies
- Start-up companies
Enabler 3: Developing capabilities through our digital academy...

Develop the capabilities of our workforce to prepare for a digital future

Digital competence is not only about tools and technology, it requires new ways of thinking, working and learning...

DIGITAL COMPETENCE FOR ALL
Provide all our employees the opportunity to gain basic understanding of, and skills within Digital.

CATERING TO THE TECH SAVVY
Offer our employees the opportunity to deep dive on digital skills and topics they already master or even explore and master new areas of expertise

LEADERSHIP IN THE DIGITAL AGE
Equip our leaders with the right skills to lead in the digital era and become digital change enablers
IR Autumn Conference Seminar
20 November 2018

Q & A