

Before the publication of the **Equinor 1Q results on 4 May 2023**, we invite you to provide your input to the analyst consensus estimates by filling in the attached spreadsheet and resend to Equinor IR. Consensus will be established around the following items:

- Adjusted earnings per reporting segment and tax on adjusted earnings per segment
- Adjusted exploration expense for EPN, EPI and EPUSA
- Equity production (split between liquids and gas, NCS, US and international fields)
- Impact from PSA and US royalty barrels (to reach your estimated entitlement production)
- Liquids price in the quarter (separate lines for EPN, EPI, EPUSA), see below for estimated prices per segment

We remind you that the result for Financials is not included in the adjusted numbers and we will therefore ask you **NOT** to consider this in the input above.

For your convenience, we hereby remind you of some factors relevant for our 1Q results as well as other information that might be useful:

#### **E&P Norway:**

- Estimated realised liquids price for E&P Norway segment in 1Q is estimated in the range USD 76.5-78.5 USD/bbl.
- The preliminary internal gas transfer price for 1Q is published on our [webpage](#).
- The Norwegian Petroleum Directorate publishes [monthly production figures](#), normally issued 10-15 days into a month, giving preliminary figures for the previous month and more detailed information for earlier months.
- No turnarounds in 1Q 2023.
- Regularity negatively impacted by operational issues (including Johan Sverdrup).
- We remind you that Equinor has the option to use flexibility in gas production and move gas volumes to capture higher value in periods with higher demand. Total NCS gas production is expected to be close to the level seen in 1Q 2022.
- We remind you that the assets on the NCS have NOK as functional currency. Currency movements will hence reduce depreciation (assets to be depreciated are recorded in NOK) as this is translated into USD as the reporting currency. Also note that reserve additions normally reduce DDA in 1Q.
- Equinor had activity on NCS on 10 wells in 1Q 2023, out of these 8 wells were completed.

#### **E&P International:**

- Estimated realized liquid price in the range of 67.4-69.4 USD/bbl for 1Q23
- Gas/liquids share at the same level as previous quarter
- Equity production is marginally lower than 4Q 2022 due to turnaround effects mainly from Peregrino and Angola.
- No ongoing or completed exploration wells in 1Q23
- Closing of the Corrib deal 31.03 (gain or loss will be adjusted).

- Depreciations are expected to increase from last quarter. The main driver for the increase is the reversal of an impairment of a producing field in 4Q 2022

#### **E&P USA:**

- Estimated realised liquids price in the range of 60.7-62.7USD/bbl. Gas Price is down significantly in 1Q 2023 vs 4Q 2022
- Equity production is higher due to Caesar Tonga online vs turnaround in the prior quarter.
- Higher liquids share compared to prior quarter due to Caesar Tonga back online.
- Expensing the Abilene well during 1Q 2023 (approx. 30 MUSD)
- Opex is higher due to the additional production for Caesar Tonga resulting in additional production handling fees as well as planned well interventions on various offshore fields.
- Lower depreciation from YE reserves update for Offshore and Onshore assets.
- There is a corporate minimum tax on earnings. This will only impact cash flow as we are allowed to use the paid minimum tax as a credit against future corporate income tax (hence no P&L impact).

#### **MMP:**

- Average Brent for the quarter was 81.3 USD/bbl, a decrease of 8% compared to last quarter.
- The preliminary internal gas transfer price for 1Q is published on our webpage (also see our web page for historical prices).
- Note that the following changes for adjusted earnings will be implemented from 1Q 2023:
  - As part of Equinor's normal business, commodity derivative contracts are entered into for mitigation of price risk exposures on future sales and purchase contracts. These commodity derivatives are marked to market at each reporting date, while sales and purchases are recognised when the transaction occurs. With effect from 1Q 2023 the changes in mark to market value of derivatives used to manage price exposure related to future sales and purchase volumes will be excluded from adjusted earnings and deferred to the time of the physical delivery.
  - Please be aware that mark to market effects on derivatives related to geographical optimization of piped gas flows are regarded part of MMP's regular trading business and will continue to be part of MMP's adjusted earnings.
  - A change in valuation of inventories will also be implemented.
  - Further information, including updated definition of Equinor's adjusted earnings, explanation of the changes above, related reconciliations and restated 2022 numbers, will be provided in the 1Q 2023 report.
- The quarterly guiding range for MMP's adjusted earnings is 400-800 million USD. For 1Q 2023 the MMP result is expected above guided range.
- The subdivision of MMP results will change from 1Q23. This has no impact on overall MMP result.

#### **REN:**

- The power generation from renewables in 1Q 2022 is expected to be in line with the historical seasonal production pattern.

- High power prices are not expected to impact the reported results significantly.
- With reference to previous quarters, earnings from REN might be expected to be negative in the range USD 25-75 million due to growth mode of our REN business and project development activities which continue to be expensed.
- Most of our activity is equity accounted where Equinor's share of P&L is presented net as "gains/losses from equity accounted investments".
- BeGreen transaction closed in January 2023. California lease auction expected to close in 2Q23.

### **Effective tax:**

Indicative tax rates:

- Indicative tax range for EPN: 75-78%. The tax rate for EPN is still influenced by the effect of uplift deduction, but the effect is lower than in prior periods. In periods with high oil and gas prices and high adjusted earnings, the effect of uplift is lower, and the tax rate is expected to be in the upper end of the indicative range (close to 78%). We remind you that the tax rate for 4Q22 was 77.4%.
- Indicative tax range for EPI: 30-45%. The tax rate is dependent on earnings composition between higher taxed countries and lower taxed countries including effects of uplift and investment allowances. We remind you that the tax rate for 4Q22 was 45.6%.
- Indicative tax range EPUSA: 22-30%
- Indicative tax range MMP: 40-60%. MMP's tax rate depends on the adjusted earnings composition, i.e earnings from NCS versus lower taxed regimes.

### **Cash flow movements:**

Cash Flow is not part of Equinor consensus. For your convenience we will nevertheless remind you of some movements (not a comprehensive list):

- NCS petroleum taxes, of USD 5.4 billion (NOK 53.6 billion), the fourth instalment for the financial year 2022, were paid in February
- Dividend payment, USD 2.9 billion (0.90 per share); USD 0.20 per share in base dividend and USD 0.70 per share in extraordinary dividend (dividend for 3Q 2022)
- Bond redemption of USD 2.1 billion
- Share buy-back program, USD 461 million, 4<sup>th</sup> tranche of the 2022 program and 1<sup>st</sup> tranche of the 2023 programme
- M&A activity with a net positive cash flow of USD 1.5 million

We also remind you that for the cashflow, there is normally a 30 days payment delay on the sales we make.

Next quarter (conditional):

- NCS petroleum tax, the two last tax installments for the financial year 2022, estimated to USD 10.3 bn (NOK 53.6 billion \* 2)
- Other taxes, USD 383 million
- Dividend payment of USD 2.9 billion (0.90 per share); USD 0.30 per share in base dividend and USD 0.60 per share in extraordinary dividend (dividend for 4Q 2022), subject to AGM approval
- Bond redemption of USD 300 million
- Share buy-back program - TBD
- M&A activity resulting in net cash outflow, estimated to USD 850 million

**Other information:**

For more information please visit our [web-page](#). You may find useful historic information under the heading “[Information for analysts](#)”.

The 2022 annual report has recently been published. The report as well additional information, can be found here: [Annual reports - Equinor](#)

An improved method for measuring liquids volumes from MMP will be implemented and will impact volume sold. Further information, including restated numbers for 2022 will be provided in the 1Q 2023 report.

**Guiding:**

- Organic capital expenditures (i.e. excluding acquisitions, recognised lease assets (RoU assets) and other investments with significant different cash flow pattern) are estimated at USD 10-11 billion for 2023 and an annual average of around USD 13 billion for 2024-2026.
- Production for 2023 is estimated to be around 3% above the 2022 level.
- Scheduled turnaround activity is estimated to reduce equity production by around 45 mboe per day for the full year of 2023.