

Equinor first quarter 2022

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Equinor (OSE: EQNR, NYSE: EQNR) reports adjusted earnings of USD 18.0 billion and USD 5.18 billion after tax in the first quarter of 2022. IFRS net operating income was USD 18.4 billion and the IFRS net income was USD 4.71 billion.

The first quarter of 2022 was characterised by:

- The invasion of Ukraine impacting already tight energy markets, increasing commodity prices and volatility.
- Strong operational performance and increased production of gas to Europe to support energy security.
- Very strong adjusted earnings and free cash flow* of USD 12.7 billion.
- Announced process for exiting Russia leading to an impairment of USD 1.08 billion.
- Continued progress on all strategic priorities with continued cost focus and capital discipline.
- Cash dividend of USD 0.20 per share, continued extraordinary cash dividend of USD 0.20 per share and second tranche of share buy-back of around USD 1.33 billion.

"The invasion of Ukraine stands as a dark moment for Europe and our thoughts are with all suffering the consequences of the brutal war. After having been in Russia for three decades, we saw the situation as untenable and acted decisively by stopping new investments into Russia and by starting the process of exiting Equinor's Russian joint ventures. Exiting Russia will heavily impact our employees, and it leads to impairments of our assets in the country this quarter", says Anders Opedal, president and CEO of [Equinor ASA](#).

"With an energy crisis in Europe, Equinor's top priority is securing safe and reliable deliveries. Strong operational performance and good regularity gave high production in the quarter. We have optimised the gas production to deliver higher volumes, and Hammerfest LNG is on track for a safe start-up on 17 May. Further, continued capital discipline and cost focus enabled us to deliver very strong financial results and cash flow, strengthening the balance sheet", says Opedal.

"Equinor is developing as a leading company in the energy transition with forceful industrial progress within oil and gas, renewables, as well as low-carbon portfolios. On the Norwegian continental shelf the fifth and final platform at the Johan Sverdrup field is installed and the turbines for the floating wind farm Hywind Tampen are currently being assembled. Equinor has been awarded licences and operatorships for the development of two CO2 storage sites, an important milestone in the work to make the Norwegian continental shelf a leading province in Europe for CO2 storage. In Brazil the production from the first wells for increased recovery at Roncador is on stream", says Opedal.

Strong financial results from higher prices

Energy prices increased in the quarter, as Russia's invasion of Ukraine added to the uncertainty in already tight markets, in particular for European gas. Equinor realised higher prices for liquids and gas and delivered adjusted earnings* of USD 18.0 billion in the quarter, up from USD 4.09 billion in the same period in 2021. Adjusted earnings after tax* were USD 5.18 billion, up from USD 1.29 billion in the same period last year.

On 28 February Equinor announced its decision to stop new investments into Russia and to start the process of exiting its Russian joint ventures. We have recognised net impairments of USD 1.08 billion related to assets in Russia this quarter.

The Marketing, Midstream and Processing segment results were impacted by adverse effects of fair value accounting of price risk management derivatives. The negative effects were partially offset by strong trading results including a strong result from Danske Commodities.

IFRS net operating income was USD 18.4 billion in the quarter, up from USD 5.22 billion in the same period in 2021. IFRS net income was USD 4.71 billion in the quarter, compared to USD 1.85 billion in the first quarter of 2021. The net impairment reversal of USD 0.27 billion includes impairment reversals of USD 0.82 billion in the E&P Norway segment and USD 0.53 billion in the E&P USA segments, mainly due to the short-term commodity prices.

Strong operational performance with good regularity gave high production across all segments.

Strong operational performance and high production, as well as optimised production to deliver more gas to Europe, supported increased value creation in the quarter.

Equinor delivered a total equity production of 2,106 mboe per day in the first quarter, down from 2,168 mboe per day in the same period in 2021.

E&P Norway increased production by 4%, including an increase of gas to Europe of 10%, supporting a gas share of Equinor's equity production of 50%. Production from Martin Linge and increased production from Gina Krog and Gullfaks partially offset the effects of expected decline and sale of Bakken in the US.

The Renewable segment delivered equity production of 511 GWh in the quarter, up from 451 GWh for the same period last year, due to the production from the Guanizuil IIA solar plant in Argentina and the offshore wind farms benefitting from higher wind speeds.

In the first quarter Equinor completed 4 exploration wells offshore with no commercial discoveries and 4 wells were ongoing at quarter end.

Very strong cash flow and continued capital discipline further strengthening the balance sheet

Cash flows provided by operating activities before taxes paid and changes in working capital amounted to USD 20.1 billion for the first quarter, compared to USD 6.62 billion for the same period in 2021. Organic capital expenditure* was USD 1.80 billion for the quarter.

At the end of the quarter adjusted net debt to capital employed* was negative 22.2%, further down from negative 0.8% in the fourth quarter of 2021. The one tax instalment of NCS taxes paid in the quarter relates to 2021 results. Including the lease liabilities according to IFRS 16, the net debt to capital employed* was negative 10.7%.

Competitive capital distribution

The board of directors has decided a cash dividend of USD 0.20 per share, and to continue the extraordinary cash dividend of USD 0.20 per share for the first quarter of 2022, in line with communication at the Capital markets update in February.

Based on the very strong first quarter results, the strength of the balance sheet, and the outlook, the board has decided to initiate a second tranche of the share buy-back programme of around USD 1.33 billion. This is in line with communication at the Capital markets update of executing a share buy-back programme for 2022 of up to USD 5 billion, and subject to authorisation from the Annual General Meeting on 11 May 2022. The second tranche will commence on 16 May and will end no later than 26 July 2022.

The first tranche of the share buy-back programme for 2022 was completed on 25 March 2022 with a total value of USD 1 billion.

The first quarter 2022 capital distribution is based on a continuation of high commodity prices from second half of 2021 and strong earnings into first quarter of 2022.

All share buyback amounts include shares to be redeemed by the Norwegian State.

Emissions and serious incidents frequency

Average CO2-emissions from Equinor's operated upstream production, on a 100% basis, were 6.7 kg per boe in the first quarter, compared to 7.0 kg per boe for the full year of 2021.

The twelve-month average serious incident frequency (SIF) was 0.5, unchanged from the first quarter in 2021.

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* This is a non-GAAP figure. Comparison numbers and reconciliation to IFRS are presented in the table Calculation of capital employed and net debt to capital employed ratio as shown under the Supplementary section in the report.

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This information is subject to the disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act

Attachments

- CFO presentation 1st quarter 2022 results
- Equinor first quarter 2022 Financial statements and review
- Press release Equinor first quarter 2022 results

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