

# Equinor third quarter 2019 results

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Equinor (OSE: EQNR, NYSE: EQNR) reports adjusted earnings of USD 2.59 billion and USD 1.08 billion after tax in the third quarter of 2019. IFRS net operating income was negative USD 0.47 billion and the IFRS net income was negative USD 1.11 billion, following net impairments of USD 2.79 billion mainly due to more cautious price assumptions.

- Financial results impacted by lower prices and deferral of gas production to capture higher value
- High activity level with five new projects on stream since second quarter
- Strong progress in building industrial scale within renewable energy
- Clean-up operation at South Riding Point in the Bahamas following Hurricane Dorian
- Introduction of a USD 5 billion share buy-back programme over three years

“We maintain strong cost and capital discipline, but our results are impacted by lower commodity prices in the quarter. In addition, we have decided to use our flexibility to defer gas production to periods with higher expected prices. Based on our strong balance sheet and outlook for profitable growth, we have in the quarter demonstrated our commitment to capital distribution and are executing the first tranche of a 5-billion-dollar share buy-back programme,” says Eldar Sætre, President and CEO of [Equinor ASA](#).

“Since the beginning of third quarter, we have started production from Trestakk, Mariner, Snefrid Nord, Utgard, and Johan Sverdrup. At Johan Sverdrup, the field has already achieved a daily production above 200,000 barrels. The five new fields are expected to deliver on average more than 200,000 high value barrels per day net to Equinor in 2020. We are developing a portfolio of profitable projects with low CO2 emissions, and we are on track to deliver strong production growth in 2020 and a 3% average annual production growth from 2019 to 2025,” says Sætre.

“The last few months have been a game-changer for our offshore wind business. Together with SSE, we were the winning bidder with three projects at Dogger Bank in the UK, making it the largest offshore wind farm development in the world. In addition, we won the opportunity to develop Empire Wind offshore New York, delivered development plans for Hywind Tampen and realised significant value from the farm-down in the Arkona wind farm offshore Germany,” says Sætre.

Adjusted earnings [5] were USD 2.59 billion in the third quarter, down from USD 4.84 billion in the same period in 2018. Adjusted earnings after tax [5] were USD 1.08 billion, down from USD 1.99 billion in the same period last year. Lower prices for both liquids and gas impacted the earnings for the quarter.

Underlying operating costs and administrative expenses are stable from the same period last year. The Marketing, Midstream and Processing segment has delivered strong trading results. Invoiced European gas prices were more than 50% higher than average spot prices, based on realised gains from the longer dated gas sales contracts.

IFRS net operating income was negative USD 0.47 billion in the third quarter, down from USD 4.60 billion in the same period of 2018. IFRS net income was negative USD 1.11 billion in the third quarter, down from positive USD 1.67 billion in the third quarter of 2018. Net operating income was impacted by net impairment charges of USD 2.79 billion, of which USD 2.24 billion relates to unconventional onshore assets in North America, mainly as a result of more cautious price assumptions.

Equinor delivered total equity production of 1,909 mboe per day in the third quarter, down 8% from the same period in 2018. The flexibility in the gas fields is used to delay production to periods with higher expected gas prices. High turnaround activity also impacted the production. Successful start-ups and ramp-up of new fields as well as new well capacity partly offset the reduction in production. The Johan Sverdrup field was put in production 5 October and currently five wells are producing. All eight pre-drilled wells are expected to be put in production by the end of November, giving a production capacity well above 300.000 barrels per day. The

field is expected to reach plateau during summer 2020.

As of the end of third quarter 2019, Equinor has completed 32 exploration wells with 14 commercial discoveries. Adjusted exploration expenses [5] in the quarter were USD 0.26 billion, compared to USD 0.24 billion in the same quarter of 2018, with more wells drilled and completed.

Cash flows provided by operating activities before taxes paid and changes in working capital amounted to USD 16.60 billion for the first nine months of 2019 compared to USD 20.43 billion in the same period of 2018. Organic capital expenditure [5] was USD 7.38 billion for the first nine months of 2019. At quarter end, net debt to capital employed<sup>1</sup> was 22.5%, also impacted by currency effects and the impairments in the quarter. Following the implementation of IFRS 16, net debt to capital employed [1] was 28.4%.

The board of directors has decided on a dividend of USD 0.26 per share for the third quarter. In the third quarter Equinor launched a share buy-back programme of up to USD 5 billion over a period until the end of 2022. In the first tranche shares will be purchased for up to USD 500 million in the market, and by the end of the third quarter shares for USD 91 million have been settled and paid.

The twelve-month average Serious Incident Frequency (SIF) was 0.6 for the twelve months ended 30 September 2019, compared to 0.5 for the same period a year ago. In the aftermath of Hurricane Dorian, Equinor has mobilised significant resources to safeguard people and the environment, and to clean up the spills at and around the South Riding Point terminal in the Bahamas.

\* \* \*

*[1] 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.*

*[5] For adjustments to net operating income, see Use and reconciliation of non-GAAP financial measures in the Supplementary disclosures.*

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Further information from:

Investor relations

Peter Hutton, senior vice president Investor relations,  
+44 7881 918 792 (mobile)

Helge Hove Haldorsen, vice president Investor Relations North America,  
+1 281 224 0140 (mobile)

Press

Bård Glad Pedersen, vice president Media relations,  
+47 918 01 791 (mobile)

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

Attachments

- Equinor-CFO-presentation-3rd-Quarter-2019-results
- Equinor-Press-release-Third-quarter-2019-results
- Equinor-Third-Quarter-2019-Financial-statements-and-review

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