

# Equinor fourth quarter and full year 2022 results

08.02.2023 | [GlobeNewswire](#)

Equinor (OSE:EQNR, NYSE:EQNR) delivered adjusted earnings\* of USD 15.1 billion and USD 5.80 billion after tax in the fourth quarter of 2022. Net operating income was USD 16.6 billion and net income was USD 7.90 billion.

The fourth quarter and full year were characterised by:

- Solid operational performance, contributing to energy security.
- Strong adjusted earnings\*.
- High value creation from marketing and trading.
- Strong cash flow, further strengthening of balance sheet.
- Cost focus and capital discipline to address inflation.
- Proposed 50% increase in ordinary cash dividend to USD 0.30 per share.
- Expected capital distribution in 2023 of USD 17 billion.

Going forward, Equinor is:

- Well positioned to deliver strong returns through the energy transition, expecting above 15% return on average capital employed to 2030(1).
- Expecting around USD 20 billion in average annual cash flow from operations after tax towards 2030(1).
- Investing in a profitable and robust project portfolio, contributing to energy security and decarbonisation.
- Progressing on the energy transition plan.

Anders Opedal, president and CEO of [Equinor ASA](#):

"Equinor is uniquely positioned to provide energy and contribute to decarbonisation, while delivering strong returns. Strong earnings and cash flow will enable continued competitive capital distribution and investments in high-value, resilient projects within oil and gas, renewables, and low carbon solutions."

"In 2022, we responded to the energy crisis and contributed to energy security. With strong operational performance, we delivered record results and cash flow from operations. We stepped up capital distribution to shareholders, while continuing to invest in a balanced energy transition and contributing to society with high tax payments. On the back of strong earnings, outlook, and balance sheet, we step up capital distribution to expected 17 billion dollars in 2023."

"Our ambition is to be a leading company in the energy transition."

Strong operational performance with new fields on stream

Equinor delivered a total equity production of 2,046 mboe per day for the fourth quarter, down from 2,158 mboe per day in the same quarter of 2021, impacted by turnarounds in the US offshore, the exit from Russian assets and deferral of gas production from the Norwegian continental shelf (NCS) to periods with higher demand.

During the quarter, Equinor brought on stream the Peregrino phase 2 project in Brazil and Askeladd, Johan Sverdrup Phase 2 and Njord Future on the NCS.

The floating offshore windfarm Hywind Tampen on the NCS generated its first power in the fourth quarter and will be completed in 2023. Production from renewable energy sources was 517 GWh in the quarter,

down 2% from the same quarter in 2021. Including gas-to- power, total power production for the quarter ended at 1,332 GWh.

Equinor completed five exploration wells offshore with one commercial discovery in the quarter and four wells were ongoing at the quarter end.

#### Strong financial results

Equinor realised a European gas price of USD 29 per mmbtu and realised liquids prices where USD 80.4 per bbl in the fourth quarter. Although prices are comparatively higher than the corresponding quarter in 2021, European gas price weakened through the fourth quarter of 2022.

Equinor delivered strong sales and trading results, particularly from gas and power, selling to the markets with the highest demand. However, the Marketing, Midstream & Processing segment results were negative due to the timing impact of derivative contracts. In the Exploration & Production USA segment deferred tax asset has been recognised at USD 2.7 billion, with a corresponding decrease in income taxes of USD 2.8 billion resulting in a low reported effective tax rate this quarter compared to last year.

Cash flow provided by operating activities before taxes and changes in working capital amounted to USD 21.0 billion for the fourth quarter, compared to USD 18.0 billion for the same period in 2021. Organic capital expenditure\* was USD 2.36 billion for the quarter.

#### Delivering on always safe, high value, low carbon through 2022

For 2022 the adjusted earnings\* were USD 74.9 billion, up from USD 33.5 billion last year. Adjusted earnings after tax\* were USD 22.7 billion, up from USD 10.0 billion in 2021. Equinor reports a net operating income for 2022 of USD 78.8 billion, and a net income of USD 28.7 billion. Strong earnings and firm capital discipline resulted in a free cash flow\* of USD 23.4 billion after capital distribution and a return on average capital employed\* of 55% for 2022. In 2022 Equinor paid USD 42.8 billion in tax related to operations on NCS.

In 2022, seven new fields were brought on stream, adding a total capacity of around 200 mboe per day when fully ramped up. Equinor is progressing on a highly competitive project portfolio and 13 plans for development and operations were submitted in 2022.

The operational and administrative costs increased through 2022 due to higher electricity prices, CO2-costs, inflationary pressure, and higher field cost, partially offset by significant currency effects when presenting in the US dollar and mitigating actions.

As a result of long-term improvement efforts and cost control, Equinor has already realised the ambition set for 2025 to achieve improvements with a cash flow effect of USD 4 billion.

Equinor progressed several projects to reduce emissions from production, and the average CO2-emission from the operated upstream production, on a 100% basis, was 6.9 kg per boe for 2022.

The twelve-month average serious incident frequency (SIF) for 2022 was 0.4, stable from the previous year.

#### Step-up in capital distribution

The board of directors proposes to the annual general meeting an ordinary cash dividend of USD 0.30 per share for the fourth quarter of 2022, up from USD 0.20 per share for the third quarter of 2022. The board has decided to continue the share buy-back programme of USD 1.2 billion per year, introduced in 2021 as an integrated part of capital distribution.

In addition, the board proposes an extraordinary cash dividend of USD 0.60 per share for the fourth quarter

of 2022 based on strong earnings and the robust financial position. The board has also decided to increase the USD 1.2 billion share buy-back programme with up to USD 4.8 billion, resulting in a programme up to USD 6.0 billion in 2023.

The interim cash dividends for the first, second and third quarters of 2023 and further tranches of the share buy-back programme will be decided by the board of directors on a quarterly basis in line with the dividend policy, and subject to existing and renewed authorisations from the AGM, including agreement with the Norwegian state regarding share buy-backs. The share buy-back programme is expected to be executed when Brent oil prices are in or above the range of 50-60 USD/bbl and Equinor's net debt ratio\* stays within the communicated ambition of 15-30 %, and this is supported by commodity prices. Total capital distribution for 2023, including share buy-back, is expected at USD 17 billion.

The fourth tranche of the share buy-back programme for 2022 was completed 17 January 2023 with a total value of USD 1.83 billion. For 2022 total share buy-back amounts to USD 6 billion.

The first tranche of the 2023 share buy-back programme of USD 1 billion will commence on 9 February and end no later than 24 March 2023.

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

Capital markets update: Strong returns through the transition

Equinor is well positioned for high value creation, providing energy security and contributing to decarbonisation. With a strong cash flow supporting a competitive capital distribution, and continued investments in a robust high-value portfolio, the company can deliver strong returns through the energy transition. Equinor is developing as a broad energy company, offering energy security and decarbonisation opportunities.

Key ambitions are to deliver:

- strong cash flow and returns, with an expected average annual cash flow from operations after tax of around USD 20 billion and return on average capital employed\* (ROACE) of above 15% towards 2030(1).
- a 50% reduction of net group-wide greenhouse gas emissions by 2030.

Based on an increasingly flexible asset portfolio, and continued volatility in the markets, the adjusted earnings guidance for the MMP segment is increased from USD 250-500 to 400-800 million per quarter.

Strong cash flow with longevity within oil and gas

Equinor will continue to invest and optimise its competitive oil and gas project portfolio to maintain a long-term reliable energy supply with low emissions from production. The portfolio of oil and gas projects coming on stream within 10 years has an average break-even price of around USD 35 per barrel, an internal rate of return of around 30%, an average pay-back time of about 2.5 years and an upstream CO<sub>2</sub>-intensity of below 6 kg per boe. Together with the producing assets, this is expected to generate a strong cashflow with longevity. Equinor will continue to develop NCS as home ground and optimise in other core areas internationally.

Profitable and disciplined growth in renewables

With the first power from the world's largest floating wind farm Hywind Tampen in 2022 and the world's largest offshore wind farm, Dogger Bank in the UK, to start production in 2023, Equinor is demonstrating leadership within offshore wind. The portfolio of projects within renewables and acreage is progressing well towards the ambition of 12-16 GW of installed capacity accessed by 2030. The strategy remains focused on profitable growth, demonstrating discipline and capturing value through market cycles. Equinor expects project base returns of 4-8 %.

## Solid progress within low carbon solutions

In 2022, Equinor was awarded the Smeaheia CO2 licence on the NCS and had in total accessed storage capacity of 30 million tonnes CO2 per year with current equity. Equinor is well positioned as the CO2 transport and storage market develops, and policies for low carbon projects progresses. Several projects with industrial partners are in maturation, and Equinor is progressing on its ambitions to offer decarbonisation to industrial customers. The combined portfolio of projects for CO2 storage, hydrogen, energy storage and natural gas, provides flexibility and optionality, as well as a broad energy offering to industrial customers.

### Updated outlook:

- Equinor expects organic capex\* of USD 10-11 billion in 2023, and an annual average of around USD 13 billion for 2024-2026(2).
- In 2023 Equinor expects a production growth of around 3% in oil and gas, compared to 2022.

\* \* \*

(\* ) For items marked with an asterisk throughout this report, see Use and reconciliation of non-GAAP financial measures in the Supplementary disclosures.

(1) Based on Brent blend 70 USD/bbl, Henry Hub 3.5 USD/mmbtu and European gas price 2023: 20 USD/mmbtu, 2024: 20 USD/mmbtu, 2025: 15 USD/mmbtu and 2026 onwards: 9 USD/mmbtu

(2) USD/NOK exchange rate assumption of 10.

See Forward Looking Statements on our webpages:

<https://www.equinor.com/investors/cmu-2023-forward-looking-statements>

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

### Attachments

- Equinor Fourth quarter 2022 Financial statements and review
- Press release Equinor fourth quarter and full year 2022 results
- CEO and CFO presentation - Q4 2022 and CMU 2023

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