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EDITED TRANSCRIPT

Equinor ASA Q4 2023 Results and Capital Markets Update

EVENT DATE/TIME: FEBRUARY 07, 2024 / 12:30PM GMT

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PRESENTATION

Bård Glad Pedersen ***Equinor ASA - Head of IR***

Good afternoon, ladies and gentlemen. It's a pleasure to welcome you all to the presentation of Equinor's 2023 Results and Capital Markets update. My name is Bård Glad Pedersen, and I'm heading up Investor Relations.

Before we start, I want to give some safety instructions for those of us here in the room. If an emergency situation should occur, the evacuation signal is a voice alarm. Please note that we only evacuate if the voice announcement says that we should do so. Then please use the fire exits, follow the signs and messages from the guards. The procedure during an evacuation is to exit and disperse safely away from the building. And then further notice will be given during normalization.

Today, we will have 4 presentations in the plenary session. First, our CEO, Anders Opedal. Then the EVPs for EPN and TDI, that is Kjetil Hove and Hege Skryseth. And finally, our CFO, Torgrim Reitan. After the presentations, we will have a Q&A session in this room. And the full CEC team is here and available and ready to answer your questions.

During the Q&A, we will also take questions from those of you following us online. After the Q&A, we have 3 breakout sessions. 1 with Anders and Torgrim. The second, with the EVPs for EPI and PDP, Philippe Mathieu and Geir Tungesvik. And the third with the EVPs for REN and MMP, Pål Eitrheim and Irene Rummelhoff.

Finally, let me remind you that this presentation does include forward-looking statements and non-GAAP measures, and we refer you to Slide #2 in the pack in this respect. Then we are ready to start, and I hand it over to you, Anders.

Anders Opedal ***Equinor ASA - President & CEO***

So thank you, Bård, and welcome to all of you. It's really good to see you here in London, and I've looked forward to meet all of you today.

So let me start with my key messages. We present strong results for 2023. Second, we deliver on what we said last year and are on track for our 2030 ambitions. Third, we provide visibility for the cash flow and transition all the way to 2035. And finally, we sustain returns and continue to deliver competitive capital distribution. Geopolitics remain tense in 2024 with wars in Ukraine and in the Middle East. Uncertainty and volatility continue to impact economic growth, transition frameworks and energy markets. Despite all uncertainties, one thing is clear. Energy security and energy transition will be on top of all society's agenda.

In this environment, Equinor's strategy is resilient, secures transition and growth, and we remain firm on our direction. We are developing the energy solutions for tomorrow while securing the energy needed today. We believe in a balanced energy transition and will develop new growth engines to stay competitive long term.

Our market position in Europe and our industrial legacy from the Norwegian continental shelf is a strong competitive advantage. Currently, European gas storage levels are high and industrial demand is below average. Forward prices have come down for 2024 and 2025,but are at a higher level than we have been used to in the past.

We see signs of demand recovery in Europe and higher demand in Asia. This may put upward price pressure on prices. We are well positioned, and our strong project pipeline gives line of sight to 2035. We can deliver a stronger cash flow, a broader energy offering and lower emissions. I will revert to this, but first, our 2023 results. Safety of our people is our #1 priority. Last year, we had a tragic fatality when a crew member fell overboard from a contracted LPG tanker in Malaysia. It made a deep impact on all of us. And together with the ship owner, we follow up the incident and implement learnings.

Our key safety indicators have improved over several years. And we maintain this level for 2023. But we are not satisfied, and we'll continue our efforts to improve. Our goal is clear. All our people returning safely home from work every day. Securing our assets is important to safeguard our people, operations, and energy security. We have continued to improve by implementing new measures and closer collaboration with authorities and industry partners.

In 2023, we delivered strong results with adjusted earnings of $36 billion. This is our second-best result ever. We set the bar high at our capital markets update last year. And we have delivered around $20 billion in cash flow from operations after tax and capital distribution as communicated. Overall, our financial performance was strong with 25% return on capital employed.

Last year, we increased our guiding for the Midstream segment, and we have delivered in or above the range for all quarters, in total $3.2 billion. We produced close to 2.1 million barrels per day with a CO_2 intensity of 6.7 kilo per barrel. This is less than half of the industry average. Gross CapEx share to renewables and low carbon was 20%. We are on track to about 30% by 2025 and above 50% in 2030. And we added 8 gigawatts to our renewables project pipeline.

In sum, we are on track delivering on our strategy and our energy transition plan. This is hard work in a challenging and competitive context. I'm proud of the strong efforts by competent colleagues across Equinor. Through this year, we have welcomed around 2,000 new colleagues, replacing and renewing competence, demonstrating our continued attractiveness in a tight labor market.

We are on track to our 2030 ambitions, delivering on our strategy. We demonstrate transition, profitability and growth coming from the actions already taken. And for the first time, we extend the outlook further to 2035. We are changing. We will grow our cash flow and become stronger. We will transition and be broader and we will cut the emissions as a leading company in the energy transition.

In 2035, we expect a stronger cash flow. Oil, gas and trading is expected to contribute with an annual average of around $20 billion after tax all the way to 2035. Cash flow from renewables and low-carbon solutions come on top of this. We expect this at around $3 billion in 2030, increasing to more than $6 billion in 2035. We will transition and grow while maintaining profitability. We expect around $13 billion of CapEx in 2024 and indicate $14 billion to $15 billion in 2025 to 2027. It is important to note that Empire Wind is fully included here, consolidated in our accounts and with 100% ownership. Excluding this effect, our CapEx outlook is fully consistent with what we said last year.

And remember, we intend to use project financing and farm down at the right time, and this would then reduce the CapEx. Towards 2030, we expect above 15% return on capital employed, and we target to maintain around 15% to 2035. And Torgrim will share more when he's on stage.

Our energy mix will be broader in 2035. We expect to produce more than 80 terawatt hours of renewable power and decarbonized energy. At the same time, we increased our ambition for CO_2 transport and storage, targeting 30 million to 50 million tonnes per year by 2035. We will continue cutting our own emissions, and we will increase renewables, decarbonized energy, and carbon storage. With this, we expect to reduce our net carbon intensity with 40% by 2035.

Our oil and gas portfolio will create value well beyond this decade. And our 3-year average organic reserve replacement ratio is 107%. We have profitable projects coming on stream with an average breakeven price of around $35 per barrel. Maintaining this level with the recent cost inflation demonstrates capital discipline and improvements.

Johan Castberg is the first of the big ones, expected to come on stream late this year. We expect to increase our production by more than 5% from 2023 to 2026 and deliver around 2 million barrels per day in 2030. We have a pipeline of projects to halve emission from operations by 2030. About half of the projects needed to achieve this are already approved by governments, and we expect to progress more projects this year.

Towards 2030, we expect annual investments of around $10 billion in oil and gas and get on average around $20 billion back in cash flow from operations after tax. Our oil and gas portfolios in Norway and internationally are distinct. Internationally, we are improving the quality of the portfolio and expect to increase the cash flow by 50% by 2030. And on the Norwegian continental shelf, we have a unique position and can increase recovery, creating high value for longer, well into next decade.

Let me share some details. Our international portfolio is becoming more robust and profitable. Last year, we announced divestments in Nigeria and Azerbaijan. And we continue to deepen in core areas with final investment decision on Rosebank in the U.K., Raia in Brazil, and Sparta in the U.S. These large projects bring high-value growth, and we expect to increase our international oil and gas production to around 800,000 barrels per day in 2030.

But more important, we expect the cash flow to grow more than the production. Therefore, cash flow per barrel will be $5 higher. In total, we expect to grow our production by 15% and our cash flow from operations by more than 50% from 2024 to 2030 and keep this level towards 2035. This is quality improvement.

On the Norwegian continental shelf, we work systematically to drive long-term production. And we know the geology, we have the expertise, the competence and technology. The infrastructure is already paid for and will be decarbonized. We use all of this as we plan wells, develop projects and increase recovery. This enables high production for longer at around 1.2 million barrels per day in 2035.

Hege and Kjetil will share how we work and implement new technology to create higher value for longer. We expect to continue to deliver 40 Bcm of gas to Europe, Equinor's share, on average to 2035. And we have low cost and low emissions with an average supply cost to Europe below $2 per MMBtu.

We have proven our ability to deliver renewables projects and value creation. We are firm on our strategy, flexible in execution and have adapted to the market conditions. The acquisitions of the onshore platforms Wento, BeGreen and Rio Energy contribute with capacity and cash flow. And recently, we started our first commercial battery storage in the U.K. Our trading company, Danske Commodities brings additional returns. Danske already has more than 12 gigawatts of assets under management. In total, we are developing an integrated power portfolio.

In the U.S., we are high-grading our offshore wind portfolio, taking the full ownership of the Empire Wind project and have delivered a bid for the fourth bid round in New York. This is the solution creating most value and we intend to use project financing and farm down to reduce exposure and increase returns. Equinor is well positioned in a long-term growth market. We have accessed our renewable pipeline to achieve the ambition of 12 to 16 gigawatt installed capacity by 2030, and we aim to deliver above 65 terawatt hours of renewable power by 2035. Real base project return is the foundation for prioritization and ensuring capital discipline.

On top, we capture additional value pulling different levers depending on the project and the market. We achieved nominal equity return of 12% to 16%, both for Dogger Bank, the world's largest offshore wind farm and for our solar plants in Europe.

The framework for CO2 storage is improving rapidly. And based on our project pipeline, we increase our ambition for CO2 storage targeting 30 million to 50 million tonnes per year by 2035. Our first commercial CO2 storage facility, Northern Lights, is on track to be completed this year. This kickstarts the market for CO2 transport and storage, needed for reduced emissions for the hard-to-abate industries.

Based on almost 30 years of experience with safely storing CO_2, we expect to grow this as a business. We expect real returns of 4% to 8% real for the early phase when we build markets and there is government support. As markets are more developed and commercialized, we expect higher returns.

With the profitability and the volumes, low carbon solutions will be a source for long-term cash flow.

Then turning to capital distribution. Today, we present an outlook for cash flow growth and strong returns. For me, it is important that this is reflected also in our capital distribution. The Board proposes a 17% step-up in the ordinary cash dividend to $0.35 per share. Our dividend policy is to grow the annual cash dividend in line with underlying earnings, and this remains firm.

To increase predictability, we now state our ambition to grow the ordinary cash dividend by $0.02 per year going forward. In addition to growing the ordinary cash dividend, we also propose an extraordinary cash dividend of $0.35 for the fourth quarter. This brings the total cash dividend to $0.70 per share. The Board is clear on its intention to continue the extraordinary dividend for the first 3 quarters of 2024 and then expects to conclude the use of extraordinary dividends.

Share buyback is an integrated part of our capital distribution. We continue our program from 2021 of annual buybacks of $1.2 billion. But based on our balance sheet and the plans we present today, we will do more in 2024 and in 2025. We announce a 2-year buyback program of $10 billion to $12 billion in total. For 2024, we continue the buyback level from last year of $6 billion. In total, this gives a capital distribution to shareholders of $14 billion in 2024, $8 billion to $10 billion in 2025 and increased predictability for the future.

I will not repeat all the numbers,but let me sum up. We are positioned for transition and growth. Towards 2035, we can deliver a stronger cash flow from a broader energy mix with lower emissions. And with strong returns, we continue competitive capital distribution with increased predictability.

So, thank you all for the attention. I really look forward to all your questions later. And as Bård said, I'm joined here with a full executive team, and we are happy to answer all the questions. But first, Kjetil, the floor is yours.

Kjetil Hove ***Equinor ASA - EVP of Exploration & Production Norway***

Thank you, Anders. The Norwegian continental shelf continues to deliver solid results, and we expect to deliver solid production and cash flow all the way to 2035.

On the picture, on the front page, you see the Breidablikk field, which is tied back to the Grane platform, and the picture is selected for a reason. We delivered Breidablikk 4 months ahead of plan and below budget, demonstrating our project execution skills. In addition, it visualized what we are doing on the Norwegian continental shelf. Grane was put on stream more than 20 years ago. And according to the initial development plan, the field should have been close to life end by now. Based on consistent investment in infrastructure-led exploration and increased oil recovery, the platform is now producing above 100,000 barrels and is expected to be in production until 2060 at least.

Now we are working on decarbonizing that production by electrifying the installation, reducing the carbon intensity to below 0.1 kilogram CO_2 per barrel within 2030. This is what we are doing on the Norwegian continental shelf. We're utilizing our infrastructure and capabilities built through the last 50 years. We're maintaining higher production level and thereby creating long-term cash flow, while we are reducing our CO_2 emissions.

In 2023, we delivered strong cash flow from the NCS. And at the same time, we reduced the CO_2 emissions from our operations. In 2023 and 2024, our CO_2 emissions will be reduced by more than 10%. And at the same time, we will have production growth. Towards 2035, we expect to maintain the production level from the NCS at the same level as we started this decade, 1.2 million barrels of oil per day. This will generate an average annual cash flow from operations after tax of around USD 12 billion from '24 and all the way to 2035.

To deliver this, we plan to invest at an average level of around USD 6 billion annually towards 2035. And these investments will be within 4 main areas: to deliver on our sanctioned project portfolio; to mature and sanction the large non-sanctioned project portfolio; to increase the recovery from our fields; and to develop discoveries from our extensive infrastructure-led exploration effort.

We will also invest in decarbonizing our production reducing our CO2 footprint with 50% in 2030, 70% in 2040 and close to 0% in 2050. We have a very robust project portfolio in the execution phase on the NCS. We have 21 projects with an average breakeven less than $35 per barrel and a payback time less than 1.5 years. The project portfolio will have a CO2 footprint less than 4 kilos CO2 per barrel since most of the projects are tiebacks to installations that are or will be electrified. And this project portfolio will add around 250,000 barrels and give us production growth towards 2026.

In addition to the large sanctioned project portfolio, we have an even larger number of non-sanctioned projects. We have more than 30 projects that we are maturing towards investment decisions in the coming years. The projects are in an early maturation phase, but we expect an average breakeven of the portfolio of around $35 per barrel and a payback time of around 1.5 years. For many of the new subsea tieback fields, we are looking into new ways of working to reduce the maturation and execution time with 50% and the cost level of at least 30%.

This will reduce the breakeven from these fields with 30% compared to a more standard subsea development. And this will be done through new technologies such as the Cap-X subsea wells and by taking out portfolio synergies. These projects will give us around 350,000 barrels in production after 2030 and will therefore be an important contributor for us to maintain the production level after 2030. And these projects will have an even lower CO2 emissions since they will be tied back to electrified installations.

In addition to the large sanctioned and non-sanctioned project portfolio, we are working hard to increase the recovery factor from our fields. Historically, we have been, since sanctioning, been able to increase the average recovery factor from around 30% to around 50% from our oil fields. And there is still a large remaining potential in our fields, and we plan to deliver 50 to 70 increased recovery wells annually in this decade.

Many of these wells are using new technologies such as retrofit multilateral wells, multi-stage fracking and advanced completion solutions, reducing the cost and increasing the production. And these are highly profitable barrels with a breakeven of around $20 per barrel and a payback time less than a year.

We're also planning for around 300 interventions annually to increase production from our existing wells. And in addition, for many of our late life assets, we are planning to sanction low-pressure projects to reduce the reservoir pressure and thereby increasing the recovery from our fields. This increased recovery effort will give us an annual production of around 150,000 towards 2035 with a very low CO2 footprint.

And finally, we believe there still is an attractive remaining exploration potential on the NCS. These are high-value barrels since they can be tied back to existing infrastructure that is already paid for and decarbonized. We are, therefore, planning to drill 20 to 30 exploration wells on the Norwegian continental shelf towards 2035. In this decade, we plan to be closer to 30 wells yearly and more than 70% of them will be in licenses that we already hold. The remaining wells will be drilled in licenses from the annual license round. And this year, we were awarded 39 new licenses, which is one of the largest awards we have ever had on the Norwegian continental shelf.

Our exploration strategy is that around 80% of the exploration wells will be drilled close to the infrastructure in known exploration plays. This is normally low-risk exploration with high probability of success. And new discoveries can be put on stream quickly since they will require limited new infrastructure. A recent example is the Obelix discovery last year that revitalized the deepwater Norwegian Sea, close to the Aasta Hansteen field.

The remaining 20% of the exploration wells will be drilled in new plays, still quite close to our infrastructure. These are higher potential wells but with somewhat higher risk than the pure infrastructure-led exploration targets. These wells can open new plays also in known area such as the Kveikje, Heisenberg and Norma discoveries during the last years. Discoveries that you may not have heard about, but you should not underestimate them because there are many of them, and these could open new plays with large potential on the NCS.

The key driver for our view on the potential on the Norwegian continental shelf is the investments that we have made in new exploration seismic the last 5 years. This is seismic with fit-for-purpose technologies that reveals potential that we did not see on our legacy seismic. And Hege will revert back to this later after me. After 2030, we expect that we will get 100,000 to 300,000 barrels per day from our infrastructure-led exploration effort. And by adding the investments in project, increased recovery and infrastructure-led exploration, we expect to deliver 1.2 million barrels per day in 2035.

Our ability to develop and utilize new technology has been a key reason for our value creations on the NCS the last 50 years. Also, in the next decades, we believe technology will enhance the value creation on the NCS. And we are, therefore, planning to invest USD 300 million to USD 400 million annually on technology development on the Norwegian continental shelf in the coming years.

So Hege, can you please elaborate on the technology efforts that we are doing on the Norwegian continental shelf?

Hege Skryseth ***Equinor ASA - EVP of Technology, Digital & Innovation***

Good afternoon, everyone. It's a pleasure to be here. We are now rescanning our core areas on the NCS, all over again for remaining resources. A very good example is the Troll area where we have 500 million barrels proven with a significant upside potential. This equals to a full year of NCS production. We identify opportunities that were not visible to us before. And this we do due to: first,

over the past 2 years, we have invested $200 million in new high-quality exploration seismic. With technologies like Ocean bottom and Topseis, both representing a step change in image quality. And this is on top of the 70 petabytes, which is a huge number of legacy seismic and well data that we already have.

Second, to significantly increase insight and speed, we have developed AI-based technologies using deep learning algorithms. These recognize complex patterns in pictures, sound waves and other data sets. What used to take weeks, now take hours.

Third, by combining this with the unique confidence that we have on the NCS, we see that mature areas are still very prospective. We are targeting all core areas of the NCS, such as Sleipner and Johan Castberg. For these 2 alone, we have identified 37 high-quality leads and prospects.

To secure competitiveness, both on the NCS and in our international portfolio, we are constantly seeking improvements through technology. This is on safety. It's on emission reduction. It's on value generation and it's on cost. In 2019, we opened our integrated operations center in Bergen. Here, we are monitoring a huge amount of data from our offshore operations to optimize production and improve decisions. The value created from increased production and reduced CO_2 emissions was more than $2 billion in 2023.

To reduce the unplanned downtime, we are widely implementing predictive maintenance. A single instance on Kårstø allowed our experts to detect an emerging failure and save $30 million. The innovative power in Equinor is also highly engaged in developing new value chains. Let me highlight a few examples. Building on the great experience from our integrated operations center, we are introducing new digital solutions for operation and maintenance on the Dogger Bank wind farm.

These solutions are currently not available in the market. This will extend lifetime from 25 to 35 years, allowing us to increase revenues in the merchant period, reduce operational costs and increase efficiency. Our venture team is actively engaged with startups all over the world. The collaboration between start-ups and an industrial player like Equinor creates massive synergies.

Last year, we entered into a strategic partnership with Captura to develop an industrial scale solution to remove CO_2 from the ocean. We will pilot Captura's Direct Ocean capture technology at Kårstø. The captured CO_2 is planned to be used for the commissioning of the Northern Light facilities. This pilot is an important step towards commerciality for ocean capture technology.

To sum up, we are stepping up on innovation. We are investing $800 million in 2024 in R&D. We are combining partnerships with confidence, data, technology and of course, fully utilizing the opportunities within AI. This is how we will secure longevity and competitiveness on the NCS and beyond, and unlock new business opportunities in the value chain.

Thank you. And with that, I welcome Torgrim up on stage.

Torgrim Reitan *Equinor ASA - Executive VP & CFO*

So good afternoon, everyone. Very good to see you again as always. And thank you, Hege. So three things. We aim to grow cash flow from operations all the way to 2035. And we aim to maintain a strong return on capital employed while we do this. And then based on this growth and a strong return, we are going to step up the ordinary capital distribution. And we are going to provide you with a competitive capital distribution.

So -- but let me start with the '23 results. The solid operational performance and production growth led to strong results in the quarter and for the year. The cash flow from operations came in at $19.7 billion, in line with what we said in the Capital Markets Day last year. Strategically, we saw solid progress in the quarter, optimizing our oil and gas portfolio and announced divestments in Nigeria and Azerbaijan. The long-term gas sales agreement with SEFE will provide Europe with 10 billion cubic meters of gas until 2034, and there's an option there to prolong that to 2039. And this is one of the largest gas sales that we have done. And I think it demonstrates very well the long-term attractiveness of natural gas to Europe.

And then we have high-graded our renewables portfolio by taking 100% ownership in a mature Empire Wind project in the U.S. So strong production in the quarter and for the year, we delivered 2.1 million barrels per day, more than 2% growth from last year despite the prolonged turnarounds on the NCS impacting the production in the second and third quarter. International production was strong through the year and the increased capacity at Johan Sverdrup contributed well. Renewables production came in 17% higher than last year and gas-to-power from Triton Power was lower in the quarter due to weaker spark spreads.

Then to the financials. We continued to deliver strong earnings, impacted by lower prices than the year before. Adjusted earnings in E&P Norway totaled $7.6 billion before tax, driven primarily by higher production. Our International segment delivered more than $850 million in total, and the U.S. business was impacted by an exploration expense of around $160 million.

Marketing and Midstream segment came in at the lower end of the guided range for the quarter, mainly due to lower liquids margins. However, MMP has delivered within or above the increased guided range for four consecutive quarters. Our Renewables business posted negative results due to high project activity level and as expected. Our adjusted OpEx and SG&A is up 7%, similar to the production growth that we have seen quarter-to-quarter. The underlying cost increase is also around 7% when you adjust for currency and one-offs. So our focus on cost and capital discipline continues.

The tax rates were high in the quarter, largely due to one-off effects in E&P Norway and EPI. In addition, MMP's tax rate was higher, driven by the high share of earnings from natural gas. And finally, we report a net impairment of slightly above $300 million in the quarter related to the Azerbaijan divestments. However, we expect to post a gain on the Nigeria divestments when that closes. The cash flow from operations after tax came in at $19.7 billion. Our organic net CapEx is $10.2 billion for the full year, also in line with our guiding.

For the fourth quarter, NCS tax payments totaled around $8 billion. And for the first half of 2024, this year, we expect to pay three installments of NOK 37 billion each. Last quarter, capital distribution was significant, $3.2 billion.

So then, our balance sheet is strong with $39 billion in cash and that brings our net debt ratio to negative 22% by end of the year.

So now let me move to the capital markets update, where I will share how we will grow cash flow all the way to 2035 from a broader portfolio with lower emissions and how we will deliver strong returns and competitive capital distribution while we do all of this. So let us start with our financial framework. Value over volume is fundamental to the way we are building our business. And this supports a return on capital employed above 15%. Our long-term guidance to our net debt ratio is 15% to 30%. We are well positioned, and we are comfortable operating below this level, but we will move towards this range using capital distribution as one of our tools. And with the $14 billion distribution for 2024, we expect our net debt to be positive be by year-end.

We are robust to lower prices and can be cash flow neutral at around $55 per barrel. This is a slight increase from last year impacted by among other things increased CapEx. We remain disciplined, and we have large flexibility in our investment program to handle a low-price scenario. And then, we are progressing in line with our energy transition plan. Within this framework, we expect to deliver a strong and growing cash flow for many years to come. In the middle here, you see around $20 billion per year coming from oil, gas and trading. And on top of that, $3 billion from renewables and low carbon solutions in 2030.

So, this is an increase. This is an increase compared to what we said last year. So, let's take a closer look at how this all comes together. So, the blue bars, they show our cash flow at different price decks. In the middle of the bar, you see the $75 case. And you can see that it grows significantly through this decade. We expect $23 billion in 2030. Of that, oil and gas is expected to be $20 billion on average per year.

For 2024, the number is around $17.5 billion, impacted by the tax lag on the NCS, but coming back to above $20 billion in 2025. In the appendix, you can find an overview of sensitivities for different prices. On top of the orange bar, you can see the material contribution from renewables and low carbon towards the end of the decade.

And then the green bars, they show CapEx. You can see the stable investments into oil and gas of around $10 billion per year. We intend to farm down in some of our international projects with a high ownership share. For example, our Rosebank project in the U.K., and this is included in this. Also, you can see the gradually growing investments to renewables and low carbon as we have planned.

For 2024, we guide on an organic CapEx of around $13 billion. Empire Wind in New York will now be fully consolidated into our accounts, and it will increase our reported CapEx by around $1.2 billion in 2024 and $1.5 billion the year after. So that asset is -- this is fully reflected in our CapEx guidance with 100% ownership in that asset.

The development of Empire Wind is subject to a positive result in the fourth bid round in New York. For '25 to '27, we expect annual CapEx of $14 billion to $15 billion on average. However, keep in mind, for the Empire Wind project, we intend to use project financing and we aim to farm down at the right time.

And this would lead to reduction in CapEx. So we have significant CapEx flexibility with more than half of our CapEx linked to non-sanctioned projects from '25 going forward. And we operate most of our investments ourselves. So that is 2030. As you have heard from Anders, we see cash flow growth towards 2035. Oil and gas continues to deliver around $20 billion per year, and we aim to double the cash flow from renewables and low carbon to more than $6 billion. And as we grow and transition, we will have value over volume front and center, and we aim for a return on capital employed of 15% in 2035.

So, we have an attractive oil and gas project portfolio with low breakevens around $35 per barrel, high returns, 30% IRR, short payback time, 2.5 years and a low carbon intensity of less than 6 kilo per barrel. We work with our partners and suppliers to drive down cost and improve the project. And as you know, we will not sanction projects unless they are good enough. So, we have been able to keep the breakeven at around $35 per barrel despite inflation.

So, this is driven by our people constantly chasing improvements. So, take Rosebank as an example, where we have reduced FPSO cost by 50% and subsea and drilling cost by 40%. And Geir will give more details on this in the breakout session. Oil and gas is a large part of our future and investments will be stable through the decade. Production is expected to be stable this year, but we expect to see more than 5% growth towards 2026.

In 2030, our international production is expected to grow by around 100,000 barrels per day to around 800,000. And behind me here, you see the great Bacalhau FPSO, it will contribute well to the 50% growth in cash flow from the international portfolio. And Philippe will speak more to this in the breakout session. And as you heard from Kjetil, we are determined to deliver production and cash flow all the way to 2035 from the Norwegian Continental shelf.

Behind me, you can also see the expected allocation of capital between Norway and internationally and between existing fields and new fields. We also invest in abatement projects, although relatively small in share, they will have a very large impact on the CO_2 reductions.

Now over to renewables and low-carbon solutions. So today, I want to focus on how the $3 billion in cash flow is built up and the composition of the investment program. Our renewables and low carbon portfolio is now of a materiality where we have line of sight to a significant cash flow in 2030 and beyond.

So far, we have created values through the cycles. As we have grown, we have accessed opportunities early. We have divested when prices were high, and we have maintained discipline. So, our efforts are starting to pay off. And behind me, you see a list of key contributing assets.

And based on a risking of that portfolio, we see a cash flow contribution of around $3 billion by 2030. And we aim to more than double this by 2035 as we have said. Pål and Irene will provide more details in their breakout session.

Now to how we allocate CapEx. In 2023, 20% of our gross CapEx was towards these 2 businesses. And as we have said earlier, we aim to increase this to more than 30% in 2025 and to more than 50% by 2030. It is important to note that this is gross CapEx. And it includes project financing in joint ventures, which is not included in the accounts. So our organic net CapEx or reported CapEx, reported CapEx as we can call it, will be significantly lower as indicated on this slide.

We remain value focused and disciplined.

So today, we are presenting the capital distribution program for 2024, giving more predictability and a way towards a more effective capital structure. So, Anders presented the main elements. In total, the program sums up to $14 billion in 2024 and $8 billion to $10 billion in 2025. The extraordinary cash dividend is based on past earnings, and we intend to continue with $0.35 for the first 3 quarters of 2024.

But after that, we expect to conclude the use of extraordinary cash dividend. For share buyback, we present a 2-year program of $10 billion to $12 billion in total. The first tranche of $1.2 billion will start tomorrow based on the existing approval that has been given from the AGM. We have been clear that we intend to use capital distribution as a tool to achieve a more effective capital structure.

So this capital distribution program translates into a total yield of around 17% based on current share price. So, before I conclude, let me go over our formal guiding. For 2024, we expect organic net CapEx of around $13 billion and a stable oil and gas production for the year impacted by divestments in Azerbaijan and Nigeria and higher planned turnarounds. For renewables, we expect to double our production.

So, to sum up, so I hope that we have shown you that we are in a very good position to deliver a stronger and growing cash flow all the way to 2035 from a broader portfolio with lower emissions, while we maintain a strong return on capital employed. And while we will provide you with a competitive capital distribution. So, thank you very much. And then I hand it back to you, Bård, to guide us through the Q&A session. So, thank you very much.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Bård Glad Pedersen ***Equinor ASA - Head of IR***

Thank you, Torgrim, and thank you also to Anders, Kjetil and Hege. Anders will also join on stage here for the Q&A session, and then the executive team is here on the first row and can also take questions. (Operator Instructions) Then we are ready to go. Maybe Oswald Clint from Bernstein, you want to start?

Oswald C. Clint ***Sanford C. Bernstein & Co., LLC., Research Division - Senior Research Analyst***

Oswald Clint at Bernstein. Two questions, please. First one, I just want to go through your gas price assumptions, please. You're $13 next 2 years and $9 thereafter and the low case is even $8 and $6. So it's -- you guys are experts in natural gas markets. I think the market is probably worried that prices could go a lot lower especially in that thereafter bucket. So just talk about your views now.

You talked about Germany, the big contract, the biggest contracts. So, is there anything structurally different as you think about gas prices through this next 3- to 5-year period, please?

Secondly, interesting, you're stretching out to 2035 when others are contracting to 2025. But this great chart of NCS Norway is quite surprising, especially with the improved oil and gas recovery plus the ILX. I mean I thought ILX was mostly done. I thought e played that card last decade, improved recovery. Norway is the leader globally, quite surprised to see so much in the presentation, especially around ocean bottom seismic, which has been around for a while. So maybe just talk more about the confidence here you have, what's changed and 37 prospects around Sleipner and Troll. Can you communicate the success around things like that potentially through the year just to give us confidence?

Anders Opedal ***Equinor ASA - President & CEO***

Great questions. And I start a little bit on both of those, but I also want to bring in Irene on the gas and Kjetil to continue bringing the confidence on the Norwegian continental shelf. But first of all, I found two very interesting data points recently in the gas market.

And the first one is, we have seen now really the demand going down with the increased prices and because of the Russian gas going out of the equation. But we see now that the industry demand for gas in Europe -- France and Germany is actually picking up. It was a 10% increase over last year, seeing that the energy prices are not necessarily now hampering economic growth and the development of the industry.

At the same time, we also see a 9% increase in the gas demand in China. And actually, China now surpasses Europe in demand. So clearly, there are some kind of a turning point in terms of demand that has been on decline for a while after the war. And then, of course, we have all the weather and so on. So, Irene will say a little bit more about this with LNG and some of the recent development there.

On the Norwegian continental shelf, ILX gone -- no, it's not. And I think Norwegian continental shelf will surprise and surprise over the next years. Prolific basins tend to be prolific. And based on the knowledge and competence we have built up actually, just the technology has been available, but the uses of the technology and the additional competence that our people bring in to interpret that seismic use in AI to interpret it, finding the anomalies that the human eyes are missing.

This is actually kind of creating the new opportunities. Then, we have the Geir's organization that are able to drill these wells and actually tie them in to an existing platform is in a very efficient manner. So, we think we can play this game for many, many, many years on the Norwegian continental shelf.

And with the political support to continue with oil and gas, particularly exploration in Norway, Kjetil mentioned the recently awarded licenses, but also the new licenses around for next year is already announced. So, there is a lot of positive news around that. But Irene and then Kjetil to follow up a little bit.

Irene Rummelhoff ***Equinor ASA - EVP of Marketing, Midstream & Processing***

First of all, I think you noticed that our CEO is becoming an expert on the gas market for very good reasons. So, I don't have a tremendous amount of insight to add. But I think for 2024, the weather scenario has sort of played out. We think this winter, as the last year's winter are going to be among the top five warmest winters in the last 60 years of history or something.

So -- and we'll go out of this winter season with storage at approximately 55% level. So, we're sort of good for '24. What we need to watch is what Anders rightly pointed out, it's demand recovery. We've seen some positive signs. But even more important, the demand recovery or growth in Asia. LNG is clearly going to be the price setter for the gas market in the foreseeable future.

And the growth in Asia is significantly bigger than what we can expect in Europe (corrected by company after the call). We're going to run into a period, I guess, in '26, '27 with a lot of new LNG coming to the market from Qatar and the U.S. It's a bit of a tough period, I think, for the gas market. And there is some nervousness around that period, which we also indicate, I guess, in the material that we have presented to you.

And then, of course, there's the Biden decision to pause LNG projects. It's hard to say what really the underlying driver for that decision is, but we do expect that there will be a real pause and there will be a delay in some of the projects that are meant to come into the market in an oversupply period, they will come a little bit later and probably match demand better. So, all in all, I think the outcome of that is not too bad for the global supply-demand balances.

Kjetil Hove ***Equinor ASA - EVP of Exploration & Production Norway***

Yes, I could cover a bit on the NCS. Our outlook for 2035 on the NCS is basically built on 3 pillars. It's the huge project portfolio, which I talked about, more than 50 projects. That's the main chunk of the outlook towards 2035. But then on the increased recovery, yes, we have been able to lift it from 30 to 50 on the average, but there is still potential there. So, we see that every year we are able to mature at least 50 to 70 wells to be drilled on the NCS, and we expect to deliver that this decade as well.

So yes, we have lifted it to 50, but it still is quite a huge potential left on recovery. On the exploration and ILX, we have just started. We see that we consistently are able to deliver from our ILX portfolio. Last year, we had 12 discoveries, and we expect that, that we should be able to continue with. And we see, based on the new technology that we utilize that we see these smaller pockets much better than we did just a couple of years ago.

So, it's based on what we have been able to achieve the last 10 years and what we are able to see in the seismic. So, we have just started on the ILX on the Norwegian Continental Shelf

Bård Glad Pedersen ***Equinor ASA - Head of IR***

Very good. Thank you very much. Let's take Teodor's question, no? if you could keep your hands up a little bit, better, yes.

Teodor Sveen-Nilsen ***Sparebank 1 Markets AS, Research Division - Research Analyst***

Sparebank 1 Markets. First, on the balance sheet, still a very strong 22% net cash -- capital employed. And you said to them that you expect to have net cash flow 0 net cash by year-end, but that's still not a long-term guidance of 15% to 30% net debt to capital employed. So why do you spend so long time to get the balance sheet in sync with your official guidance? First question.

And the second question is looking back to the Capital Markets update last year. Key message was that you wanted to focus on value over volume. Now you decided that you will invest in Empire Wind at 4% IRR. Why has the volume become more important than value the past 12 months?

Anders Opedal ***Equinor ASA - President & CEO***

You can start with the net debt ratio.

Torgrim Reitan ***Equinor ASA - Executive VP & CFO***

Okay. Thanks, Teodor. So, in 2023, we planned for a negative cash flow of $8 billion, and it actually ended with a negative cash flow $8 billion for the year. With the program for this year, we're actually planning for a negative free cash flow of minus $10 billion, if you do the math, which is actually going to bring the net debt to a positive territory. So, this is actually a very rapid direction towards a different and more efficient capital structure.

The 15% to 30% net debt is not sort of a target in itself. It is a guiding on what we find is a natural level and a good capital structure for a company like ours. We have operated above and below for many, many years. Over time, we want to move in that direction. And with the $8 billion to $10 billion capital distribution we suggest for next year, it will move sort of in that direction.

Then I just want to remind us that we are living in a very, very volatile world. We had our best results in 2022, and we had our worst results in 2020, and we need to be prepared for that. So, I am okay and happy to operate below that range. But clearly, we want to move towards it over time.

Anders Opedal ***Equinor ASA - President & CEO***

And to be very clear, value over volume is still our guidance, both for oil and gas and also for renewables. Moving forward with Empire after the deal we did with BP is what we see is creating the best value for Equinor. We are within the guided range both on forward-looking, but also on the full cycle, if we take into account the recent transactions we have done there.

Now we're waiting for the results from the bid, as Torgrim said. And we will, at the right time, find another partner and we will project finance this. And as -- Hege also alluded to you on Dogger Bank, we are working on increasing the lifetime of our offshore wind park. So, we will create more and more value over time as well. So, this is the best way we can create value from the Empire project in our mind.

Bård Glad Pedersen ***Equinor ASA - Head of IR***

Next one is Chris Kuplent, Bank of America. Then afterwards, we take one on the line.

Christopher Kuplent ***BofA Securities, Research Division - Head of European Energy Equity Research***

I've got 2 questions probably both for you, Torgrim. And you can categorize them under the topic of cash flow cushions. And I want to look back a little bit. You said in your remarks that the $20 billion CFFO for 2023, came in line with what you told us about 12 months ago, which is true. But I think 12 months ago, you were expecting production growth to be 3% in 2023. You were, I think, using $20 per MBtu of gas price assumptions, certainly a level that we didn't see in 2023. So, I wonder how much contingency was included or maybe you can give us a little bit of a bridge in terms of pluses and minuses why you nevertheless ended up at EUR 20 billion CFFO.

And the second cushion that I'm keen on talking about is on CapEx. Empire Wind, you highlighted is now included for 2024 at $1.2 billion. And that means if I take that out, the CapEx, $13 billion, minus $1.2 billion looks like, again, towards the very low end of your previous CapEx guidance. So maybe you can tell us whether there were some project slippage that pushed CapEx perhaps further to the right as well.

Torgrim Reitan ***Equinor ASA - Executive VP & CFO***

Okay. Thanks, Chris. Thank you for the detailed question on 2023 because it gives me an opportunity to give a little bit more color to it, because it was USD 19.7 billion as we reported. If we sort of apply the price assumptions that we used, it would have been 20.5. So, it actually like-for-like, it would have been 20.5. And then there has been some slippage in some of the production during the year.

So, I mean, in general terms, when we put forward numbers, clearly, they are very important to us. We commit to them. And then we want to remain sure that we can deliver. So, there will always be a certain time or a certain part of buffer in what we put forward That is just the way companies work. The second point is the CapEx...

Anders Opedal ***Equinor ASA - President & CEO***

And you rightly say, we were around 11.8. And then last year, we said 13 but back-end loaded. So, we are actually very close to what we indicated last year with 13 back-end loaded and 11.8 now. So there is not necessarily kind of any particular project slippage into this. Actually, the guided CapEx last year and this year is in line with each other when you take away the Empire.

Bård Glad Pedersen ***Equinor ASA - Head of IR***

Let's take one question on the line, please.

Operator

Biraj Borkhataria from RBC.

Biraj Borkhataria ***RBC Capital Markets, Research Division - Director, Co-Head of European Energy Research Team & Lead Analyst***

Sorry, I couldn't be there. So my first question is just following up on Empire Wind. Your CapEx guidance, you said, does not assume the project financing. Could you just give some details on where you'd expect that to be finalized? And broadly speaking, what proportion of the CapEx that you typically project finance for Wind?

And then the second question is on M&A and inorganic opportunities. A few years ago, you put out plans to effectively simplify your international portfolio and exit from the tail. But there's been some interesting and exciting exploration success in places like Namibia and you'll see players there that may be underfunded.

So, I was wondering your thoughts on your willingness to look at inorganic opportunities outside of the three key countries and the international portfolio you've highlighted in the past.

Anders Opedal ***Equinor ASA - President & CEO***

Okay. I had a little bit difficultly to hear.

Torgrim Reitan ***Equinor ASA - Executive VP & CFO***

I can take the first one, which is more a technical question related to how we book and how we treat Empire Wind in our books. I mean, it used to be equity accounted because we owned only 50% out of it. So, it was only the equity part of our investment that was on our balance sheet and also on only the equity cash flow in future earnings report.

Now we have to consolidate it fully in our books and also have 100% in. So, it's actually a significant change in way sort of it is reported. When the project financing is in place, and we expect that package to be in place late this year, we will still have to report it 100% and consolidate it until we have farmed down to a lower level. So, in isolation, it won't impact the reported CapEx until we have reduced the ownership share. I hope that answers your question, Biraj. Yes.

Anders Opedal ***Equinor ASA - President & CEO***

And if I understood the questions correctly regarding M&A. It was about international business. We have high graded the portfolio there over the last few years, exited several countries. And this actually enables, together with the project sanction that we have mentioned, that will give the 50% increase in cash flow from 2023 to 2030. We will continue to highgrade the portfolio going forward, but we will not comment on any future M&As, either divestment or acquisitions.

Bård Glad Pedersen ***Equinor ASA - Head of IR***

Very good. Let's take the next one from Martijn Rats, Morgan Stanley.

Martijn Rats ***Morgan Stanley, Research Division - MD and Head of Oil Research***

I also had 2 questions, if I may. One relates to Exhibit '30, the one that shows CFFO for '24, '25 to '27 and then the outer period at different price scenarios. And if you look at that exhibit carefully, if we go from 2024 to 2025, 2027, the $55 scenario goes up, the $75 scenario goes up, but the $95 scenario goes down. And I was wondering if there is something in that period that I'm missing. It's sort of -- exhibit implies that the company's CFFO becomes substantially less oil price sensitive. But I can't imagine that, that is really the message behind the chart. So slightly more of a technical point perhaps, but I wanted to ask that.

The second question I want to ask is somewhat different. When a company gives sort of guidance over the next sort of 4 to 5 years, it's usually an outcome of the projects that are in front of them and the business that's going on. But when the guidance becomes much longer sort of like 10, 11, 12 years, it's often more of a sort of statement of intent of a direction of travel that the company sort of aspires to rather than the business that's right in front of them.

If you look at the DD&A and the capital employed, your entire capital employed will turnover over the next decade. So, in a decade from now, there's a lot of choice still to be made. So, I was wondering by 2035, the guidance now implies that somewhere between 75% to 80% of CFFO will still be oil and gas. So, I was wondering to what extent that is an outcome of simply the projects that you see to and to what extent it's sort of like an aspiration, more like an intent to travel in that direction.

Torgrim Reitan ***Equinor ASA - Executive VP & CFO***

The first one which is a technical question, Martijn. And it is actually the tax lag that drives this, the tax lag on the Norwegian continental shelf. So, in 2024, you only have half of the tax associated with the $95, while the year after, you have 1.5x the tax of the $95. So this is -- It is a truly technical question, and the answer is a truly technical one, Martijn. So that's the reason.

Anders Opedal ***Equinor ASA - President & CEO***

Okay. So when it comes to the 2035 intent or projection is really based on the project portfolio that we do have in place and all the opportunity sets we do have on the Norwegian continental shelf. So if we take it a little bit first for the EPI, it's really the three projects that I mentioned, the Bacalhau, the Raia, Sparta and Rosebank ,sorry, four it should be. And we also have Bay du Nord as a future project. So, the projection there is really based on these projects.

When it comes to the Norwegian continental shelf, it is the long project list of non-sanctioned projects, more than 30 projects that already -- Kjetil, he knows about these projects. He's going to develop them. We're going to go to Geir and say, "I want them. I want them below $35 in breakeven." And also we know from experience that the ILX will give good results going forward.

So, it's not only our projection. It's actually based on actions we've already taken. It's the seismic that Hege alluded to that is already acquired, being interpreted and new targets coming in place. So that's why we were able to extend this to 2035 this year. At the same time, we also demonstrate, and you'll find it in the appendix, a long list of renewable projects and low carbon solutions projects yet to be sanctioned, yet to find the profitability and for some of these projects customers. But then we also balance this with the flexibility in CapEx. So, it is really based on the portfolio that we do have at hand.

Bård Glad Pedersen ***Equinor ASA - Head of IR***

Let's take one in the room and then on the line, Paul Redman from BNP Paribas.

Paul Redman ***BNP Paribas Exane, Research Division - Research Analyst***

It's Paul Redman from BNP Paribas. And I've got 2 questions. The first is just going back to Empire Wind. And follow-on from Biraj's question, essentially, you're saying that you can increase return through project financing and farm downs. I wanted to ask what your current view of those markets are at the moment. So, in terms of timing, on when you could do those and the CapEx could come down? What are your current expectations?

And I see that in -- and I think I'm right in your guidance on renewable returns, you're talking about 12% to 16%, but I don't think you include Empire Wind in that. I just wanted to confirm that. And then the second one is just you've given yourself a bit of flex on the buyback, $10 billion to $12 billion. What drives the upside on buyback? And when we get to 2025, if you're at 15% gearing or the lower level of your optimized balance sheet guidance, where would you expect distributions to go after that? Could you see more extraordinary in 2025 plus?

Anders Opedal ***Equinor ASA - President & CEO***

Okay. Pål, you can say a little bit about the market as you see it. You are out there every day. And if I understand before -- if I understand your question correctly, you talked about the 12% to 16% return on equity for renewables. That is based on, as an example, it's the Dogger Bank and it's our solar plants in Europe that we have seen those type of returns.

But if you look back for the whole renewable portfolio from 2015 to 2023, we have a double-digit return nominal on our portfolio. Pål, will you?

Pål Eitrheim ***Equinor ASA - EVP of Renewables (REN)***

Yes. So I'll leave it to Torgrim to comment on the financing part of it. But on the farm down market, we're seeing now projects because of the challenges on both sides of the Atlantic, we're seeing fewer projects on the U.S. East Coast. Empire One is by far one of the most mature projects that are available in the sense that it has 4 years of permitting work behind it. It has all of the main contracts secured with negotiated rates.

So, we have a fairly good line of sight to what the cost level will be. So, I'm quite hopeful that we will be able to find a good partner and that this is an attractive asset also because it is among the few that can develop in a sort of pre 2030 perspective. And I'll just build a little bit on the answer you gave earlier on this.

But what we faced in last year, we saw that the unprecedented macro and inflation that came, we saw that it was eroding profitability of our portfolio. We have canceled the offtake contract for Empire 2. We have done the swap with BP. So, we have effectively reset and high graded that portfolio and we now have line of sight to positive economics going forward, provided we can succeed in the New York 4 bid, where we have bid on a level which we think or hope will be competitive, but at the same time, can help restore economics to Empire Wind 1.

Torgrim Reitan ***Equinor ASA - Executive VP & CFO***

Yes. On your question on project financing or financing package, that is progressing. And this is a big financing package naturally in the U.S. It is complex, but it is progressing well, and we aim to sign, then we'll do a financial close, not very long after an investment decision. So, it will come pretty close to each other.

I think it's very important on your point, Pål, that de-risking this project will create value. And sort of clearly winning inNew York is sort of derisking one level, having a final investment is the second, having a financial package is a third one.

So, the more we derisk, the more buyers there will be and the more attractive prices we can achieve. So that's the way of thinking around when potentially to create value from that asset.

Anders Opedal ***Equinor ASA - President & CEO***

What was the second question?

Torgrim Reitan ***Equinor ASA - Executive VP & CFO***

There were 2 more. You had 4 questions -- Yes, buyback and also distribution, yes. Okay. So, a 2-year program of share buyback, 10 to 12, 6 this year, meaning between 4 and 6 next year. So, we have given ourselves a little bit of flexibility. When that is said, we have tested what we put forward across a broad set of price assumptions and all of that. And we are very, very committed to honor that. So, between 4 and 6, it will be. There was one more here on.

Paul Redman ***BNP Paribas Exane, Research Division - Research Analyst***

The bottom end of your gearing range. Is there more room to do extraordinary dividend and buybacks

Anders Opedal ***Equinor ASA - President & CEO***

What we have presented today is the range for 2024 and 2025, and we will come back to this in due time.

Bård Glad Pedersen ***Equinor ASA - Head of IR***

I have to ask now that you limit to one question because I have several down the list and we will start with one on the line.

Operator

John Olaisen, ABG.

John Olaisen ***ABG Sundal Collier Holding ASA, Research Division - Co-Head of Research***

I wonder what kind of IRR should we expect for the next few renewable projects that you will be announcing. Or I guess what I'm really wondering about is if you are willing to take on more new big wind projects? For instance, Sørlige Nordsjø II with only 4% to 5% real returns.

Bård Glad Pedersen ***Equinor ASA - Head of IR***

If you were able to hear it, if not, we will try to get it and then we take another.

Anders Opedal ***Equinor ASA - President & CEO***

I think I heard it. We have guided on a real unlevered guided range of 4% to 8%. And this is what we do when we prioritize projects and we're using that for our capital discipline.

John Olaisen ***ABG Sundal Collier Holding ASA, Research Division - Co-Head of Research***

But the Empire Wind is only 4% to 5% returns. I just wonder, if you prioritize the best project first. And the first project is at 4 to 5%, should -- what we should expect for the next few projects that you will be announcing? Will you be willing to take on -- still to take -- willing to take on the low end of your guidance return projects?

Anders Opedal ***Equinor ASA - President & CEO***

I'm a little bit unsure. Did you hear the question, Torgrim?

Torgrim Reitan ***Equinor ASA - Executive VP & CFO***

I think, John, you asked about if we are accepting Empire Wind, does it mean that the rest are below that in return type of question, and I can assure you that this is not the way a project portfolio work that these things move around on this level. I think the Empire Wind project 4% to 8% forward-looking economics is clearly what we aim for, and clearly important that we need to see that.

I think also the life cycle economics of the U.S. project taking into account the divestment to BP will also bring this into the range. So, I mean, clearly, we would have liked to see better returns and we are sure that we are going to create some additional returns from that project as we go. Beyond that in the project portfolio, there is actually a healthy return in the offshore wind portfolio.

Peter James Low ***Redburn (Europe) Limited, Research Division - Research Analyst***

It's Peter Low from Redburn Atlantic. Yes, so it's a question on the 2030 cash flow guidance. You made the point that, that has increased versus last year. Can you just run through where those increases have come from because it wasn't quite clear from the presentation.

Anders Opedal ***Equinor ASA - President & CEO***

So you're asking about the increase in cash flow from operation in 2030. Yes. So basically, what we do now is to invest in oil and gas, this will give $20 billion cash flow from operation on average all the way to 2030. We're investing on top of our investments in oil and gas into renewables and low-carbon solutions.

And the $3 billion increase in cash flow from operation after tax in 2030 will come from the renewable business and the low carbon solutions. I think in one of the slides from Torgrim, he indicated also some of the projects that will contribute in this.

Bård Glad Pedersen ***Equinor ASA - Head of IR***

Then we will go with Yoann Charenton from Societe Generale.

Yoann Charenton ***Societe Generale Cross Asset Research - Equity Analyst***

Yoann Charenton from Societe Generale. A quick question on distributions, if I may. You are providing transparently the 3 scenarios that you use, but you tend to focus on the central scenario. And did I hear correctly during the presentation that based on the base case scenario for commodity prices, you don't expect any potential for continuation of the extraordinary cash dividends beyond what has been announced today in the future? And when it comes to buyback, do we need to see basically TTF prices close to what is shown on this base case scenario for you to be able to deliver on the $10 billion to $12 billion share buyback program in the coming 2 years?

Anders Opedal ***Equinor ASA - President & CEO***

Okay. So, we are today providing a very competitive capital distribution, where we increase the ordinary cash dividend with a 17% based on the outlook we are providing with growth in cash flow over the next year. And we also, for the first time, are very clear on our intention to grow this over time.

As Torgrim said a little bit earlier today, is the extraordinary dividend, it's based on past earnings, and we will have $0.35 this quarter and the next 3 consecutive quarters, but we will conclude this after the third quarter 2024. When it comes to the guidance or the share buyback of USD 10 billion to USD 12 billion, we have tested this in a different price scenarios. So, we are very confident that we will deliver this. This range is based on the outlook, but also the strong confidence we have in our execution capabilities.

Bård Glad Pedersen ***Equinor ASA - Head of IR***

Lydia Rainforth from Barclays, please.

Lydia Rainforth ***Barclays Bank PLC, Research Division - MD and Equity Analyst***

And so just following up on that, is the idea that the cash returns now are independent for the next 2 years of where the oil prices and gas prices are? Or is there some volatility there?

And then secondly, sorry, but the idea of -- you gave me 2030 international production, but I couldn't see 2035 international production. So -- and obviously, the business will become less NCS and more international, more low carbon. Does that present any kind of cultural or organizational factors that you need to think about?

Anders Opedal ***Equinor ASA - President & CEO***

So Philippe, do you want to allude a little bit on the international portfolio, particularly the growth to 2030, but also how it would evolve after 2035. And I have to admit I forgot your first question now.

Lydia Rainforth ***Barclays Bank PLC, Research Division - MD and Equity Analyst***

The buy back and the dividend -- are they independent of oil and gas prices.

Anders Opedal ***Equinor ASA - President & CEO***

What we have presented today is increased predictability in the capital distribution, meaning that we will grow the dividend with $0.02. In addition, we will deliver the capital -- the share buyback of USD 10 billion to USD 12 billion with $6 billion for 2024 that we are really confident on.

Philippe F. Mathieu ***Equinor ASA - VP of EPI***

Can you hear me? Yes. On the international portfolio. So, we have 2 periods, the growth to 2030, 50% CFFO growth. Beyond that, to 2035, we're kind of looking at CFFO level more or less stabilized at the 2030 level. The growth we're talking about in terms of to 2030 is, we call it quality growth. It's all about the high grading of the portfolio. So think about the divestments we did, the acquisition of Suncor in the U.K., the FIDs have been taken on the project.

All of that results in 2 things. One, an increase in production of 100,000 between '24 and '30 that contributes to part of the CFFO increase. But the main part of the CFFO increase is coming from the increased quality we have in the portfolio. So basically, through these high gradings, we are shifting and replacing the legacy mature assets with next-generation assets.

And these assets are generating more CFFO per barrel, and they have lower emission. And that is what's giving us in totality, the $5 increase in CFFO per barrel from today to 2030.

Anders Opedal ***Equinor ASA - President & CEO***

And then your last question about being a broader company, what does it mean for the internal employees, the culture -- we see that it is really the people that started in oil and gas that is now developing both the offshore wind, but also the CCS and the hydrogen. It's the same skill set you basically need transportation and storage of CO_2.

You need reservoir engineers, geologists to petrophysicists, I'm a former petrophysicist, I'm very happy about that. You need the pipeline engineers, et cetera. But at the same time, as we broaden out, we will do different things. We will do work differently across the company. So, then it's really important to make sure that we are talking the same language.

We have the same purpose, turning natural resources into energy for people and progress for society. That really creates the proudness in the company and that we're actually independent of where we work in the company, we are actually working towards the same purpose.

And this is what we're working on. And we see actually when Aksel is recruiting, and we have recruited more than 4,000 people over the last years is really being a part of a company where you can be a part of the energy transition that attracts new young people.

Bård Glad Pedersen ***Equinor ASA - Head of IR***

Thank you for that. We are now well on over time. And the list keeps becoming longer even as we take. So, what I will ask you to do is to take your questions to the breakout sessions. Anders and Torgrim, will also be in one of the breakout sessions and the remaining questions we can take there. Then just thank you for your attendance and your engagement in this plenary session.

We will move now towards the breakout sessions. And I just ask you to exit through these doors, go to the left through the corridor and then to the left again. Those of you who have signed up for the breakouts, you have a letter on your badge, A, B or C, and that is the room where you will start and then the EVPs will rotate between the rooms so that you have the opportunity to ask questions to all of them.

So, with that, we say thank you all for joining this event and see you then in the breakout sessions.