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A Study of Strategic Implications of a Possible Demerger of Equinor:

Separating Oil & Gas and Renewable Energy Operations

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Industrial Economics

Preface

As we sit here on the morning of the final Tuesday before this thesis is due, we reflect on the culmination of our five-year journey at the Norwegian University of Life Sciences (NMBU). Our studies at the Faculty of Science and Technology, specializing in Industrial Economics, have now reached a pivotal moment with the completion of this thesis.

Our decision to undertake this comprehensive study was driven by a keen interest in the business elements of our degree. We consciously chose not to pursue a master's thesis centered on structural engineering topics such as steel or timber connections, despite the opportunity to do so. Instead, our fascination with strategy and mergers & acquisitions guided our research, making our final academic endeavor here at NMBU not only rewarding but also profoundly enjoyable.

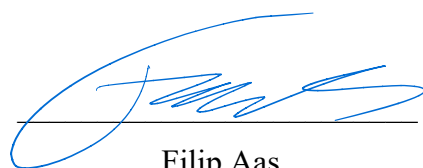
This thesis would not have been possible without the invaluable guidance and mentorship of our supervisor, University Lecturer Stig Alexander Aune. His unwavering dedication and deep interest in our project profoundly shaped our work, enabling us to develop a thesis which we are genuinely proud of. We are also grateful to our co-supervisor, Associate Professor Tor Kristian Stevik, whose guidance on the structure and framework of our thesis helped ensure our analysis was well-structured and thorough.

We would like to extend our deepest gratitude to our families and significant others, Nina and Synnøve, for their unwavering support and the occasional gentle remarks about our priorities. Their support has been a cornerstone of this journey. Similarly, our experience was enriched by the camaraderie and support of our fellow students both in and outside our class. We also owe a debt of gratitude to Eika Sportssenter for providing access to the most enjoyable parts of student life at NMBU, the gym facilities, where we truly got our money's worth.

Ås – May 14th, 2024



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Abstract

The global energy landscape is undergoing a significant transformation driven by environmental concerns, regulatory demands, and shifts in consumer preferences towards sustainable energy. This thesis examines the strategic implications of restructuring Equinor by demerging its oil & gas and renewable energy operations into two separate entities. This proposed structural change aims to better align Equinor with the evolving market demands and pressures for decarbonization, enhancing operational focus and strategic agility for each business unit.

The methodology employed combines a detailed literature review, supplemented by an expert survey. This mixed-methods approach facilitates a nuanced analysis of both theoretical perspectives and practical insights into corporate restructuring within the energy sector. The focus on Equinor provides a grounded context for evaluating the potential outcomes of a demerger in real-world settings.

Findings from the research indicate that a demerger could potentially offer clearer strategic focus for both the renewable and oil & gas units. The renewable segment in particular, might experience accelerated growth and innovation due to its focus and specific investment attraction. Meanwhile, the oil & gas segment could intensify efforts on optimizing existing operations and responsibly manage the decline of fossil fuels. However, the study also highlights significant challenges, including potential losses in synergistic benefits such as shared knowledge, and challenges in risk management in difficult times.

The conclusion of the thesis suggests that demerging Equinor could enhance overall value by allowing the renewable division to focus on growth through increased investment and operational efficiency. While the thesis does not criticize Equinor's transition strategy relative to other International Oil Companies (IOCs), it questions the effectiveness of an IOC transition in maximizing value for both fossil and renewable sectors. It proposes that a merger with a renewable-focused company, in combination with a spin-off, could preserve critical benefits like ESG pricing and market access for renewables. Additionally, a demerger would allow the remaining oil and gas segments to sharpen their operational focus, aiding Equinor in adapting more effectively to the evolving energy landscape.

Sammendrag

Energilandskapet globalt står overfor store endringer drevet av miljøbekymringer, strengere reguleringer og skiftende forbrukerpreferanser mot mer bærekraftig energi. Denne masteroppgaven utforsker strategiske konsekvenser av en mulig omstrukturering i Equinor, ved å dele selskapets olje- og gassaktiviteter og fornybare energioperasjoner i to selvstendige enheter. Dette strukturelle skiftet er ment for å tilpasse Equinor bedre til markedsutviklingen og kravene til dekarbonisering, for å forbedre operasjonelt fokus og strategisk smidighet i begge virksomhetens enheter.

Metodene som benyttes i studien omfatter en grundig litteraturstudie kombinert med en spørreundersøkelse blant analytikere som følger Equinor. Dette gir en dypere forståelse av både teori og praksis når det gjelder selskapsstrategi i energisektoren. Ved å anvende Equinor som en case, gir dette en praktisk kontekst for å vurdere mulige utfall av en slik fisjon.

Forskningen viser at en slik fisjon potensielt kan skjerpe det strategiske fokuset for både fornybar- og olje- og gassenhetene. Fornybardelen kan oppleve rask vekst og innovasjon med tydelig fokus og evne til å tiltrekke seg målrettede investorer. På den andre siden kan olje- og gassdelen styrke sine operasjoner og bedre kunne håndtere en nedtrapping av fossile brensler. Studien peker likevel på betydelige utfordringer, som tap av synergier i form av felles kunnskap, og problemer med risikohåndtering i utfordrende perioder.

Konklusjonen i oppgaven antyder at en fisjon av Equinor muligens kan forbedre totalverdien ved å la fornybar-delen fokusere på vekst gjennom økte investeringer og operasjonell effektivitet. Selv om artikkelen ikke kritiserer Equinors overgangsstrategi sammenlignet med andre internasjonale oljeselskaper (IOCs), stiller den spørsmål ved effektiviteten av en IOC sin reorganisering i å maksimere verdi for både fossile og fornybare sektorer. Det foreslås at en fusjon med et selskap fokusert på fornybar energi, samtidig med en spin-off av fornybardelen, vil kunne bevare kritiske fordeler som ESG-prising og markedsadgang for fornybare selskaper. I tillegg ville en oppdeling tillate de gjenværende olje- og gassegmentene å skjerpe deres operasjonelle fokus, noe som hjelper Equinor til å tilpasse seg mer effektivt til det skiftende energilandskapet.

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1. Introduction

In recent years, the global energy sector has experienced a significant transformation, largely driven by the urgent need for decarbonization and the shift towards more sustainable energy sources. This shift is further driven by increased climate awareness and the imperative for sustainable practices, emphasized by the ambitious targets set by the Paris Agreement (United Nations, 2015) and the outcomes of COP28 (UN Climate Change, 2023), which have amplified demands for robust climate action across all sectors. Additionally, evolving geopolitical and economic factors play a crucial role in this landscape. This transformative period necessitates a strategic reassessment of business models and market approaches by leading energy firms.

At the heart of this transformation is Equinor, a state-majority-owned Norwegian entity, exemplifying the dual challenges and prospects associated with transitioning from fossil fuels towards a renewable energy model. The company's progression towards incorporating renewable energy sources into its portfolio reflects its response to changing energy consumption patterns and the escalating feasibility of renewable technologies.

However, Equinor, as a self-procured integrated energy company, stands at a crossroad. On one hand, it has the highly lucrative cash cow that the oil and gas industry currently is, and on the other hand the growing renewable energy industry, which, while not as immediately lucrative, is gaining momentum and moral ground. Equinor must weigh the steadfast, short-term profitability of oil and gas against the low income, yet rapidly growing appeal and long-term benefits of renewable energy investments. This strategic shift, although potentially counterproductive to current profit margins, signals a commitment to global sustainability trends and contributes to a more environmentally responsible corporate ethos.

In this light, envisioning a split within Equinor could be seen as a strategic move, allowing each resultant company to focus and capitalize on its core businesses. One arm could continue to maximize the returns from fossil fuels, ensuring financial robustness while managing the decline of these resources responsibly. Simultaneously, a separate entity could spearhead the push into renewables, fully immersing itself in the innovation and growth potential of this future-facing market. This approach would allow a clear delineation of financial and operational strategies, tailored to the distinct markets each company would serve. The resultant corporate structure could provide the agility needed to navigate the challenges of an energy

transition while seeking to maximize stakeholder value in two different, yet interconnected spheres.

This thesis explores the strategic aspects of a potential demerger, assessing its alignment with global energy trends and the anticipated impacts on stakeholders. By situating this case within the broader context of the energy transition and comparing Equinor to other similar situations and sectors, the research seeks to shed light on the potential role of traditional energy companies in shaping the future of energy. It examines how these companies might reconcile profitability with environmental sustainability and discusses whether oil and gas entities are indeed the companies that should undertake this transformation.

1.1. Problem Statement and Research Question

Within the transformative landscape of the energy sector, companies are evaluating strategic reconfigurations to align with sustainability trends. The idea of demerging a company like Equinor, which operates in both traditional and renewable energy sectors, presents a fascinating case for analysis. This study intends to explore the strategic ramifications of such a demerger by delving into a hypothetical scenario that removes the constraints of Equinor's existing strategic direction. The aim is to assess how a split could influence a company's operational approach amidst the increasing pressure to adopt sustainable energy practices, thereby reflecting on the broader question of how best to structure large energy conglomerates for future success.

The problem statement: *In a hypothetical scenario where Equinor considers a demerger of its oil & gas and renewable energy operations, assessing the strategic implications becomes vital for understanding financial impact on its stakeholders.*

To further focus the study, the thesis' research question is formulated as follows: *What strategic advantages and challenges could arise from a potential demerger of Equinor, and how might these influence the long-term value of the sum of the parts of the resultant entities?*

This query aims to evaluate the strategic outcomes of such a structural change within the theoretical framework, providing insights into the lasting impacts of a demerger. It positions the thesis to explore the balance between maintaining current business strengths and proactively preparing for future energy market dynamics.

1.2. Scope and Boundaries of the Thesis

The thesis focuses on the strategic aspects of a demerger of Equinor. While this does not exclude the assessment and reflection of financial factors, comprehensive financial analyses will not be conducted. Such analyses are beyond the scope of our research.

Politics would also be relevant due to the significant ownership of the Norwegian state in Equinor, and this factor will naturally be considered. However, an in-depth investigation of this aspect will not be included in this research. This decision is based on the premise that speculating on political decisions does not directly address the core issue of the research question, which primarily concerns the underlying firm characteristics rather than isolated external factors.

Practical aspects of a demerger, such as the execution, costs, and short-term impacts, are not thoroughly examined. The reason for this is that the focus is on exploring the issue as a long-term strategic assessment, not as a short-term activity that can generate value. The boundaries will not be disregarded, and they naturally influence the study's ability to draw conclusions.

2. This is Equinor

Equinor, headquartered in Stavanger, Norway, is an international energy company with around 23,000 employees spread across approximately 30 countries. The company's operations include extraction and production of oil and gas, development of renewable energy projects, and implementation of low-carbon solutions (Equinor ASA, 2024a).

2.1. History

In 1972, Equinor was established under its initial name, Statoil, to capitalize on Norway's offshore oil and gas reserves. The early focus on the Norwegian Continental Shelf (NCS) led to the discovery and development of the Statfjord field by 1979, a significant milestone for the company's future (Equinor ASA, 2024a).

The following 20 years brought innovation and expansion, with growth in Equinor's offshore developments and an extension of its international reach. In 2001, the company was listed on the Oslo Børs and the New York Stock Exchange, still named Statoil, and in 2007, it merged with Norsk Hydro's oil and gas division. Further solidifying its market position, by the end of the 2000s, Statoil had exploration and partnerships in countries including Angola, Algeria, Brazil, Canada, Tanzania, and the US (Equinor ASA, 2024a).

Entering 2010, the company continued its international expansion, with a series of acquisitions leading to a large position onshore in the US, and the start-up of the Peregrino field in Brazil in 2011. Some years later, in 2017, Statoil announced a strategy of becoming a broader energy company to position itself for the energy transition. This was further confirmed in 2018, when Statoil rebranded to Equinor, symbolizing a change of strategy. The culmination of the transition initiatives was manifested the following year with the commencement of production at the Johan Sverdrup field, which, being powered by electricity from the shore, stands as one of the most carbon-efficient fields. In the 2020s, Equinor defines itself as a company in the energy transition, ambitious to become net-zero by 2050 (Equinor ASA, 2024a).

2.2. Business Areas, Operations and Reporting Segments

Equinor's operations are broadly classified into four main areas: Oil and Gas, Refining, Processing and Marketing, Carbon Capture and Storage (CCS), and Renewable Energy. Within these operational spheres, the company is organized into six business areas that steer its global strategy and daily functions. See Figure 1.

In reporting its diverse operations and strategic pursuits, Equinor has established six reporting segments: Exploration & Production Norway (E&P Norway), Exploration & Production International (E&P International), Exploration & Production USA (E&P USA), Marketing, Midstream & Processing (MMP), Renewables (REN), and the “Other” group, which includes Technology, Digital & Innovation (TDI), Projects, Drilling & Procurement (PDP), and Corporate staff and support functions. These segments encapsulate the entirety of Equinor's activities, reflecting the company's comprehensive approach to energy production and management (Equinor ASA, 2024a, 2024b).

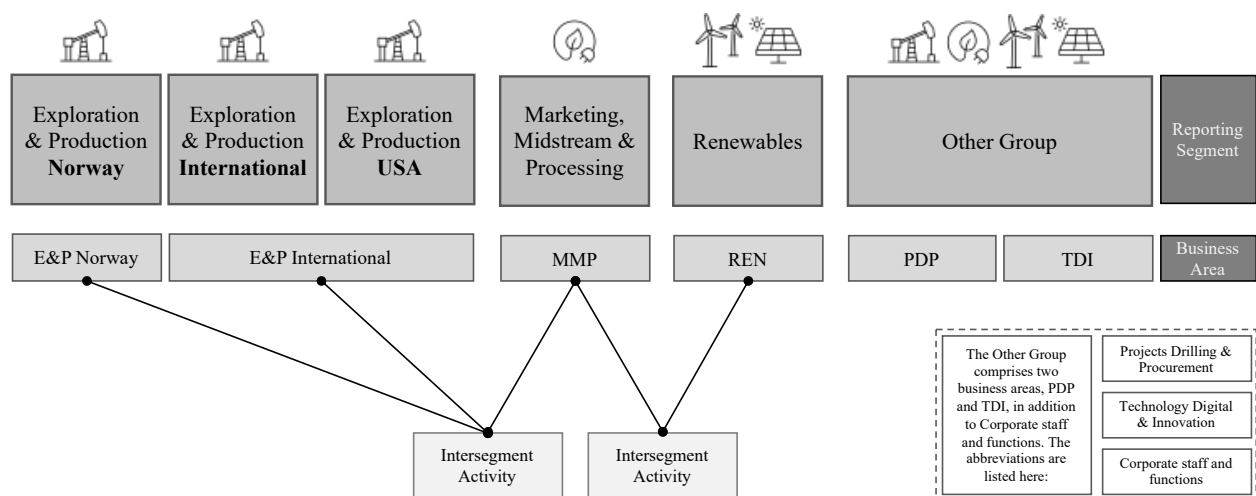


Figure 1 - Organizational structure of Equinor's business areas. This figure is adapted from the annual report of Equinor ASA (2024a).

2.2.1. Exploration & Production Norway (E&P Norway)

E&P Norway covers operations on the NCS, including exploration, field development, and production. Equinor has a strong long-term belief in this segment and expects substantial value creation in the future years. This segment strengthens the energy security to Europe and is described as a key enabler to Equinor's strategy. Equinor plans to continue tapping into the profitable potential of the NCS up to 2035, focusing on a strong project portfolio that is in the

execution phase, a wealth of non-sanctioned but promising fields, and maintaining high field development activity. Additionally, Equinor is broadening its energy scope by forging partnerships for low-carbon initiatives and advancing CO₂ storage projects, all part of the plan to make the NCS deliver sustainable value for years (Equinor ASA, 2024a).

From 2020 to 2023, the average annual revenue for E&P Norway has been approximately USD 41,35 billion, with a noticeable variation reflecting market conditions and operational changes. The net operating income has averaged around USD 32,56 billion, and in terms of production, E&P Norway's average daily combined production of entitlement liquids and gas has been roughly 1371.25 thousand barrels of oil equivalent per day (mboe/day) over the last 5 years (Equinor ASA, 2022, 2024a).

2.2.2. Exploration & Production International (E&P International)

The E&P International segment covers oil and gas exploration, development, and production outside the NCS and the US. It operates in 12 countries, with production in 10 of them, focusing on deepening its presence in key areas such as the UK and Brazil. The segment aims to enhance robustness and streamline its portfolio by collaborating with partners and stakeholders to mature unsanctioned projects and focus on lower-risk opportunities in regions with established activities, and make efforts to decarbonize existing assets and ensure new developments are designed for lower emission intensity (Equinor ASA, 2024a).

From 2020 to 2023, the average annual revenue for E&P International was approximately USD 5,88 billion. The net operating income during these years averaging USD 585,25 million. On the production front, E&P International's equity and entitlement liquid and gas production averaged around 336,6 and 268,6 thousand barrels of oil equivalent per day across the last five years (Equinor ASA, 2022, 2024a).

2.2.3. Exploration & Production USA (E&P USA)

The E&P USA segment is engaged in oil and gas exploration and production within the United States, focusing on strategic asset optimization and collaborative growth. It manages two operated and eleven partner-operated assets and targets high-value projects with a commitment to low CO₂ footprints. Exploration activities in the Gulf of Mexico and the expansion of its

onshore gas assets in regions such as the Appalachian Basin are examples of Equinor's activities in line with this strategy (Equinor ASA, 2024a).

For E&P USA, the average annual revenue from 2020 to 2023 was approximately USD 4.15 billion. The net operating income varied significantly due to market and operational changes, averaging roughly USD 753,25 million over the same period. In terms of production volumes, the average equity liquids and gas production was around 365.75 thousand barrels of oil equivalent per day (mboe/day) over these four years. For entitlement liquid and gas, Equinor E&P USA is looking at 316.25 thousand barrels of oil equivalent per day (mboe/day) over the same timeframe (Equinor ASA, 2022, 2024a).

2.2.4. Marketing, Midstream & Processing (MMP)

The Marketing, Midstream & Processing (MMP) division at Equinor is responsible for the essential functions of marketing, trading, processing, and transporting the company's energy products. MMP oversees the operations of key infrastructure, including refineries and terminals, and facilitates the movement of oil and gas through various means of transport. Strategically, the division is committed to enhancing Equinor's low-carbon initiatives, focusing on reducing carbon intensity and developing sustainable energy solutions. Integral to its strategy, MMP advances carbon management services and invests in carbon capture and storage (CCS) projects to support Equinor's progression towards a net-zero emissions goal (Equinor ASA, 2024a).

For Equinor's Marketing, Midstream & Processing (MMP) segment from 2020 to 2023, the average annual revenue stands at approximately USD 96,6 billion. The average net operating income over these years is around USD 2,27 billion (Equinor ASA, 2022, 2024a).

2.2.5. Renewables (REN)

The Renewables segment at Equinor is actively expanding its renewable energy portfolio, with a significant presence in offshore wind farms, as well as onshore wind and solar projects. The division operates with the dual aim of becoming a major player in the offshore wind sector and building substantial onshore renewable energy positions, backed by strategic storage and trading capabilities. By 2030, Equinor aims to emerge as a leading global provider of renewable

energy, reinforcing Norway’s status as a major energy nation and driving the company’s growth in the energy transition across selected international markets (Equinor ASA, 2024a).

Equinor's Renewables segment has reported an average total revenue of approximately USD 199.75 million over the last four years, with an average net operating loss of USD 158.75 million. The average power generation has been about 1696.5 GWh over the past five years (Equinor ASA, 2022, 2024a).

2.2.6. Other Group

Technology, Digital & Innovation (TDI) and Projects, Drilling & Procurement (PDP) together form part of the “Other” reporting segment, which includes activities essential for supporting the wider business aims of Equinor.

The TDI segment at Equinor is a hub for research, technology development, IT, innovation, and future business solutions. TDI consolidates expertise from across the company to ensure the safe and efficient operation of assets, while leading in the provision of advanced projects and technology products company-wide. The PDP division is tasked with overseeing well delivery, electrification, CCS, and hydrogen projects, procurement in Equinor, and providing secure, safe, and efficient project execution. Also included in the “Other” reporting segment is corporate staff and support, responsible for non-operating activities such as finance and control, corporate audit, people and organization, and communication. Over the last five years, this segment has reported an average annual net loss of approximately USD 154 million (Equinor ASA, 2022, 2024a).

2.2.7. Value Chain interactions

Within Equinor's value chain, resources from Exploration & Production are refined by the MMP segment, which then facilitates global distribution. The Renewables segment, although more independent in its primary operations, generates energy that is integrated into the market through MMP's trading functions. Additionally, MMP manages the Carbon Capture and Storage infrastructure, aligning with production segments to enhance environmental stewardship (Equinor ASA, 2024a). A visualization of the value chain interactions is presented in Figure 2, and the intersegment activities are shown in Figure 1.

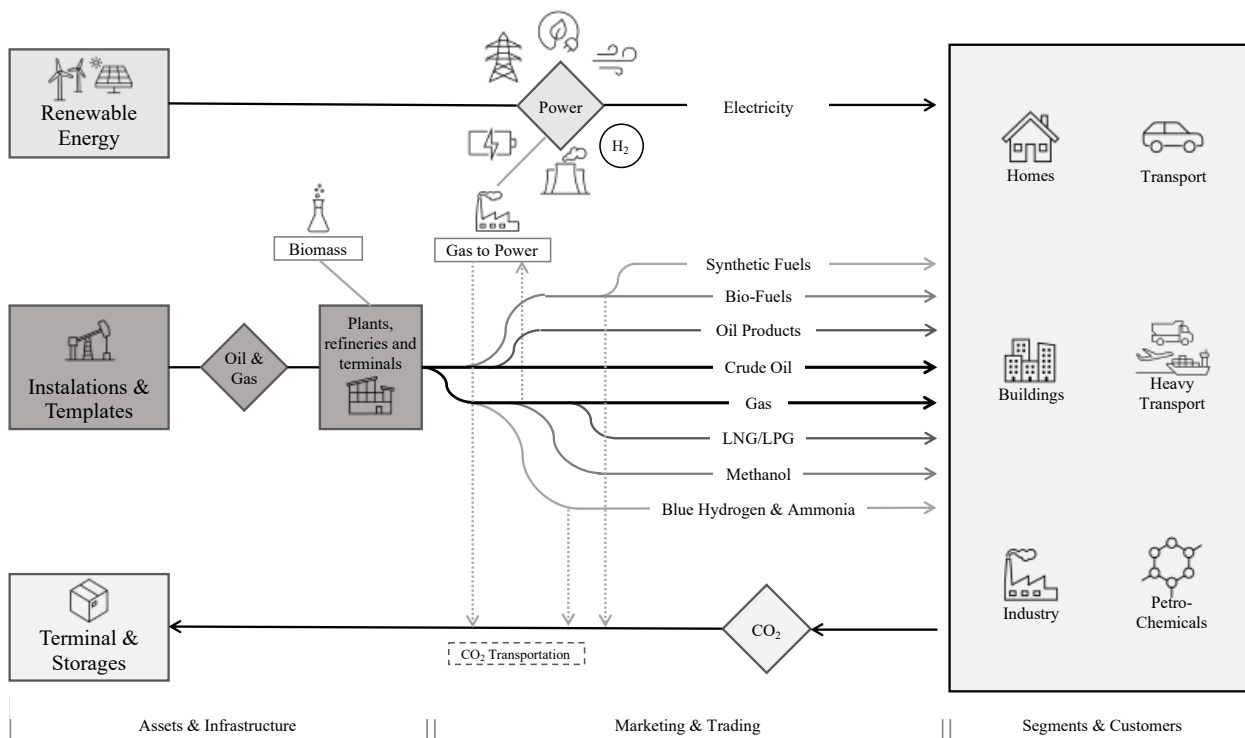


Figure 2 - Value chain interactions within Equinor's operations. This figure is adapted from the annual report of Equinor ASA (2024a).

3. Theoretical Framework

This chapter establishes the foundational theories that guide the analysis of corporate restructuring for this thesis. It investigates the strategic rationales behind different restructuring models and the role Environmental, Social, and Governance (ESG) factors play in modern corporate strategy. It provides a basis for understanding how different restructuring methods can affect a company's strategic alignment and operational efficiency. By integrating discussions on ESG, the chapter also reflects on how these factors are increasingly considered within the broader context of corporate decision-making. This theoretical framework supports the analysis conducted in later parts of the thesis, helping to frame the strategic choices faced by companies in today's business environment.

3.1. Restructuring Theory

When considering a restructuring of a firm, there are several different methods to look at. Two main roads in a reconstruction are the organizational restructuring, and an ownership restructuring, which this thesis discusses. In looking at ownership restructuring, there are again two ways to go; private or public. Private transactions include variants like joint ventures (JV), trade sell and a leveraged buy-out (LBO) or a management buy-out (MBO). Public transactions on the other hand considers carve-outs, spin-offs, split-off and a combination called tracking stocks (Rüdisüli, 2005).

For private restructuring, transactions can take several forms as mentioned above, each used for specific strategic needs. These include forming a JV with a partner that brings specialized expertise, conducting a trade sale where part of the business is sold to an external buyer, or engaging in an LBO or MBO, where the business is sold to investors or the existing management team (Harrigan, 1988; Rüdisüli, 2005). Such private transactions are often advantageous when a suitable, financially capable buyer is identified. This allows the current parent company to realize significant value from future synergies and improvements through a takeover premium, capturing a substantial part of the potential gains from these transactions (Rüdisüli, 2005).

Public ownership restructuring transactions typically involve the stock market, making transaction details publicly accessible and allowing for the objective empirical assessment of

value creation (Rüdisüli, 2005). Tracking stock represents a type of common equity designed to reflect the performance of a specific business segment within a company, according to Billett and Mauer (2000). Unlike other forms of restructuring, issuing tracking stocks does not result in the formation of a separate legal entity. Another mechanism is a split-off, where shareholders of a parent company have the option to exchange their shares for shares in a subsidiary (Rüdisüli, 2005). This subsidiary is usually majority-owned by the parent, and the split-offs are often executed following a carve-out.

An equity carve-out occurs when a parent company sells a portion of the equity in an exclusively owned subsidiary through an initial public offering (IPO), establishing a new set of shareholders (Allen & McConnell, 2002; Frank & Harden, 2001; Michaely & Shaw, 1995). This process can involve either a secondary carve-out, where the parent company sells its existing shares, or a primary carve-out, where the subsidiary issues new shares and sells them directly to the market (Rüdisüli, 2005). This strategy allows the parent company to capitalize financially by introducing new shareholders without relinquishing complete control over the subsidiary.

A spin-off on the other hand, typically involves the distribution of the majority, often 80% or more, of a subsidiary's shares to the shareholders of the parent company on a pro-rata basis (Damaraju et al., 2015; Michaely & Shaw, 1995; Rüdisüli, 2005). In cases where 100% of the subsidiary's shares are distributed, the subsidiary emerges as a fully independent entity, although usually with the same shareholders as its parent. This structure grants shareholders the choice to decide whether to retain their investments in both the parent company and the newly independent subsidiary. Notably, spin-offs do not involve any cash transactions, distinguishing them from carve-outs. The primary motive behind a spin-off is not to raise immediate funds, but rather aims to unlock shareholder value without the financial pressures that often drive carve-outs and trade sales, which are commonly used to boost liquidity for companies in financial distress (Rüdisüli, 2005; Tübke, 2004).

The latter categories of public restructurings, falls under the broader category of divestments as well (Merkestein & Lindeque, 2019). Divestments refers to the process of a company selling, liquidating or spinning off a part of its business, or disposing of its assets. Demergers on the other hand is a form of corporate restructuring in which part of a company separates into one or more of its divisions or subsidiaries to create one or more independent companies (Ansarada, 2024; Bao, 2017; Feik, 1997). While both demergers and divestments involve the separation

of a business unit from the parent company, the key distinction lies in the purpose and the method of separation. Demergers are generally aimed at creating new independent companies from existing operations of the parent company, typically to enhance focus and operational efficiency or to resolve strategic misalignments. Divestments have a broader scope and can include selling business units to third parties, which may or may not result in the creation of a new independent company (Ganti, 2021; Kenton, 2024). In essence, while all demergers can be considered a form of divestment, not all divestments are demergers (Kirchmaier, 2003; Schweizer & Lagerström, 2020).

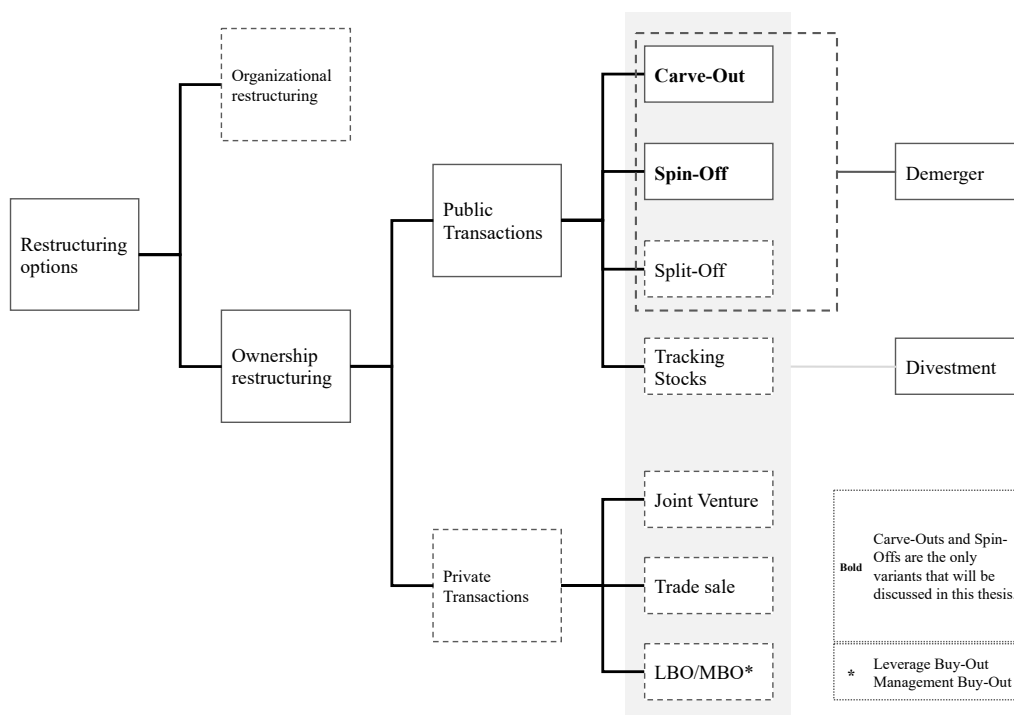


Figure 3 - Visualization of restructuring options with categorizations. This figure is inspired by Rüdüsili (2005).

Figure 3 outlines the restructuring options covered in this chapter. This is not comprehensive of all possible options but focuses on the ones pertinent to this study. Moving forward, the thesis will not cover or discuss variants other than carve-outs and spin-offs, as indicated in the figure.

3.2. Strategic Implications of Demergers

Following the exploration of various restructuring methods, demergers are identified as a significant mechanism for refining a company's strategic direction by creating independent entities from existing business units. The theory of mergers and acquisitions (M&A) indicates several challenges that need addressing, including optimizing for strategic fit, examining operational synergies, and improving competitive positioning (Johnson et al., 2017). These considerations apply to demergers as well, highlighting their strategic importance in corporate restructuring.

Strategic misalignments that may justify demergers include differing growth rates, divergent market dynamics, or incompatible business models which can reduce management's focus and resource allocation. Post-demerger, each entity can tailor its strategies to better suit its specific market conditions and competitive landscape, potentially leading to enhanced operational performance and shareholder value (Harren et al., 2022; Johnson et al., 2008; Porter, 1985).

In the context of M&A, strategic fit refers to the degree to which the target firm enhances or complements the acquiring firm's strategy (Johnson et al., 2017). This concept is equally critical in demergers, where the focus shifts to assessing how well the demerged entity aligned with the strategic objectives of the original conglomerate. Evaluating strategic fit in demergers involves analyzing whether the separation will allow both the parent company and the newly independent entity to achieve a more clear and focused strategic execution that was perhaps hindered by their prior union (Amiri et al., 2022; Vidal, 2021).

Continuing in the scope of M&A, synergies arise when the integrated entities leverage their complementary strengths and resources, enhancing overall performance and value beyond the capabilities of each firm operating independently (Goold & Campbell, 1998; Johnson et al., 2008). However, in the context of demergers, the concept of synergies takes on a different dimension. The focus shifts from integration to optimization, where the strategic realignment through separation aims to eliminate negative synergies or dis-synergies that burden the parent company (Alles, 2020; Keienburg et al., 2021; Singh et al., 2009). Dis-synergies might stem from bundling unrelated business, cultural mismatches, or inefficient resource allocations that detract from core business focus (Alles, 2020).

3.3. ESG Influence on Corporate Strategy

Environmental, Social, and Governance (ESG) factors are critical components of corporate responsibility, encompassing environmental sustainability, social responsibility, and ethical governance practices (Deloitte, 2021, 2024). As these factors have become central in shaping corporate strategies, companies are increasingly integrating ESG considerations not only to meet compliance demands but also to drive innovation and ensure long-term viability. This integration reflects the growing emphasis placed by stakeholders on sustainable practices, and it highlights the strategic value of ESG in enhancing competitiveness, operational efficiency, and stakeholder trust (Hill, 2020).

The strategic incorporation of ESG factors is likely to improve a company's competitive advantage by directly influencing consumer preferences and investor decisions. Companies leading in ESG performance are increasingly favored by a growing demographic of environmentally and socially conscious consumers, which can translate into increased market share and brand loyalty (Krosinsky & Robins, 2012). In terms of investments, firms with strong ESG records attract not only more capital but also investment at more favorable conditions, as their risk profile is perceived to be lower due to proactive management of potential ESG-related liabilities (Eccles & Klimenko, 2019). Furthermore, such companies are better positioned to capitalize on emerging markets and technologies focused on sustainability, staying ahead in innovation and securing long-term market leadership (Camilleri, 2017; Eccles et al., 2014).

Integrating these ESG factors into strategic decision-making processes is thus becoming an important aspect of corporate governance. This form of integration typically involves embedding ESG criteria at all levels of strategic planning, from conceptualization to execution and monitoring. This ensures that sustainability becomes a core component of the business model rather than a continued concern for the business (Camilleri, 2017; Schaltegger & Wagner, 2017).

Despite the strategic advantages, integrating ESG into corporate strategy presents several challenges. One of the primary issues is the complexity of quantifying ESG outcomes and correlating them directly with financial performance. The absence of standardized ESG metrics can make it difficult for companies to measure success accurately and compare performance across the industry. Additionally, there can be significant upfront costs associated with transitioning to greener technologies or establishing sustainable supply chains (Deloitte, 2023; Scatigna et al., 2021). However, these challenges are accompanied by significant opportunities.

Companies that successfully integrate ESG are often seen as innovators, attracting not only environmentally conscious consumers but also lenders and investors looking to support sustainable practices. Strong ESG credentials can also open doors to new business ventures and collaborations, particularly in regions or sectors where sustainability is a regulatory or societal priority (Eccles et al., 2014; Scatigna et al., 2021).

4. Methodology

This chapter outlines the research methodologies employed in this study, which involve a combination of quantitative and qualitative research techniques known as a mixed-methods approach (Johannessen et al., 2020). The objective of this methodology is to ensure a comprehensive understanding of the research topic by combining the detailed insights gained from a literature review with the empirical data derived from a survey of industry analysts.

The approach of combining quantitative surveys and qualitative literature analysis in this study ensures a well-rounded examination of Equinor's possible demerger. A combination of method triangulation and integrated design helps validate the findings by cross-verifying data from multiple sources, offering a clearer picture than that obtained from a singular perspective (Johannessen et al., 2020). This comprehensive strategy aims to provide an insightful analysis that considers both numerical data and detailed commentary, contributing to a holistic view of the strategic decisions facing Equinor.

4.1. Literature Review

This chapter describes how and why the literature review was conducted, forming the foundation for the qualitative research conducted in this thesis. A semi-systematic approach was utilized for the review, blending a structured process with flexibility in identifying and selecting relevant literature (Snyder, 2019). The literature review occupied a significant portion of the thesis timeline, underscoring its role as the primary source of data collection for the research.

The full literature review can be found in Appendix A.

4.1.1. Rationale

A literature review is a foundational method for establishing a solid knowledge base and understanding within a research area. This foundation is crucial for further analysis and comparison with case studies and other methods used in this thesis (Snyder, 2019). Snyder articulates that a literature review enables researchers to collect, synthesize, and evaluate

existing knowledge systematically, thus providing a comprehensive overview of the current research landscape.

The decision to adopt a semi-systematic review was motivated by the need to address a wide array of theories from diverse thematic areas relevant to the research question. This approach balances the need for systematic and structured search processes with the flexibility required to include a broad range of sources, thereby contributing to a richer understanding of the topic without the necessity of reviewing all research works within each theme comprehensively (Snyder, 2019).

4.1.2. Search Strategy

To ensure a broad range of sources, 11 keywords were developed and used to search in Google Scholar, see Figure 4. These keywords were strategically selected to contain a range of topics. A significant portion targeted companies within industries related to the research area, offering specific industry insights. The remaining keywords focused on broader concepts and themes integral to the thesis, aligning the search with the core topics under investigation.

This keyword strategy was crucial in developing the depth and breadth of the literature review. It increased the likelihood of uncovering research directly linked to the research question and case study. Moreover, by employing wide-ranging search terms, the strategy ensured the inclusion of vital theories and research findings that, although not currently in the spotlight, were critically relevant to the thesis.

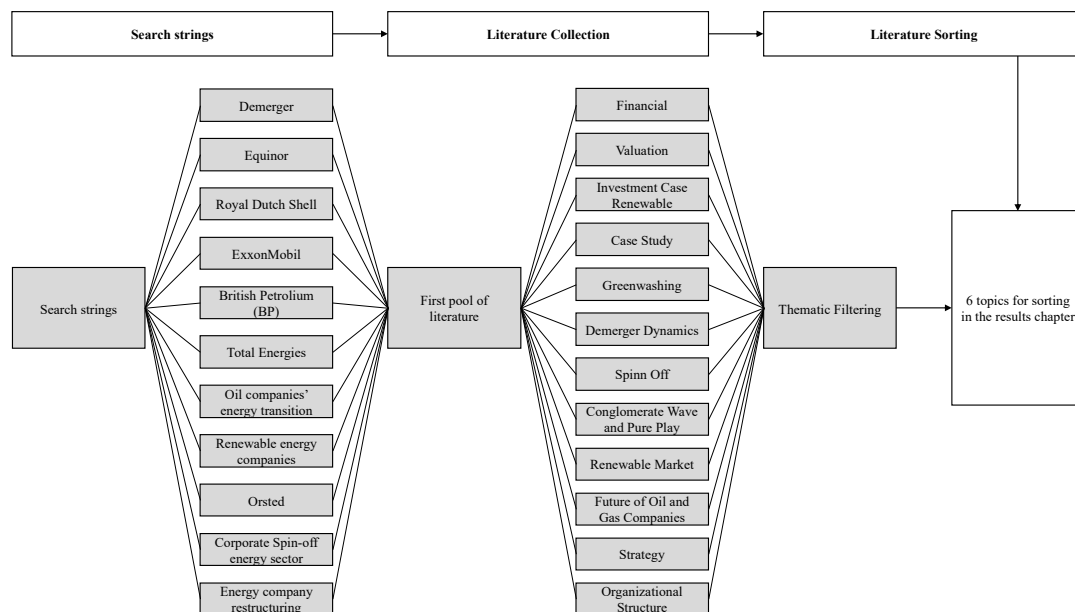


Figure 4 - Search strategy and thematic sorting of literature. This figure is created by the authors.

4.1.3. Inclusion and Exclusion Criteria

The use of broad search terms necessitated a systematic approach to the selection and subsequent filtering of articles and research, conducted in several stages as can be seen in Figure 5. Initially, the process involved selecting articles based on their relevance, determined by examining titles and abstracts to assess their applicability to the thesis. If an article or piece of research appeared relevant, it was carried forward for further consideration.

This selection process was conducted by an individual author to ensure consistency in applying the inclusion criterion. All keywords were utilized in the search, and relevant articles were meticulously selected. Given the vast number of results typically generated, a structured approach was adopted: selections were made from the first 15 pages of Google Scholar results. If relevant articles continued to appear, the selection process extended beyond this initial range until no relevant articles were found across three consecutive pages, each displaying ten articles.

Following the extended search across all keywords, the process culminated in the identification of 140 articles deemed relevant based on their titles and a look at their abstracts. At this stage, no critical evaluation of the source, publication year, or place of publication occurred, as these aspects were evaluated for later reviews. This decision ensured that all potentially relevant

articles were considered for further evaluation, maintaining an inclusive approach to the literature review.

Continuing from the previous step, the first filter involved an exclusion criterion whereby articles with limited access were eliminated to ensure that the understanding developed from the research was based on a complete foundation. This elimination was conducted using straightforward criteria: any article not fully accessible was excluded, regardless of the amount available. Following this step, the selection was narrowed to 102 articles.

Subsequently, details such as the authors, universities, and publication dates were noted, along with a summary of the main findings derived from the abstracts and, to some extent, the conclusions. Based on this information, both authors marked articles for further elimination. This was based on a more critical assessment of relevance and the credibility of the source, as well as the consideration of whether the articles were outdated. Only articles that were mutually agreed upon for elimination or reached consensus through discussion were excluded. This was the second filter out of four, and the remaining selection was reduced to 79, as seen in Figure 5.

The advantage of not systematically excluding based on criteria such as publication date and place of publication is that some themes do not become outdated as quickly as others, requiring careful evaluation to ensure all relevant materials are considered. The same applies to assessing the place of publication; the world is home to an increasing number of reputable universities.

The third filter involved a thorough reading of the full articles to assess their methodology, bases for conclusions, and actual findings. During this phase, several articles were eliminated due to discrepancies between the promises made in the abstract and the substance delivered in the full text. The relevance initially perceived from the abstract did not hold up under closer scrutiny. Additionally, articles were excluded based on the methodologies employed and the foundational bases of their results and conclusions. Articles were eliminated from consideration if the underlying support for their findings was deemed insufficient. This elimination was conducted by both authors, and a consensus had to be reached before any exclusion could proceed.

Lastly, a fourth filter was applied to eliminate articles whose arguments and conclusions had little or no impact on the triangulation of data. It was determined that these articles would not contribute data necessary for understanding and evaluating the case or answering research

questions. This action ensured the quality of the data presented and promoted the most relevant data for the thesis. The final filtering yielded a total of 56 articles, as illustrated in Figure 5.

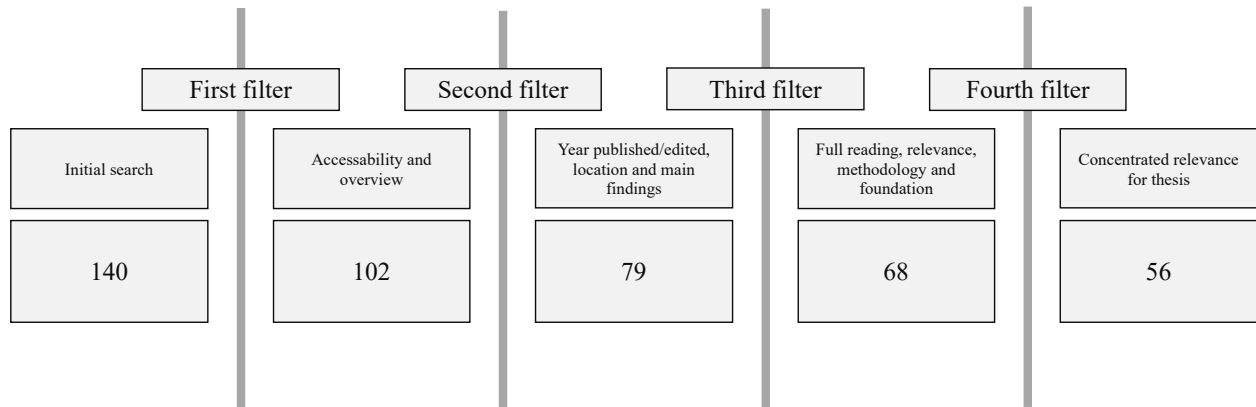


Figure 5 - Search filtering through literature study. This figure is created by the authors.

4.1.4. Literature Presentation Strategy

The goal was to portray the literature in a way that grasped the essence of each study and distinctly outlined areas of agreement and disagreement, all while upholding an impartial stance in synthesizing the review. Executing this strategy required extracting relevant information from all articles, refining it into a concise form, and categorizing them by theme. Consistencies, discrepancies, and similar data points were identified and documented using color-coded checklists. Each thematic area was systematically written and cross-checked against these checklists. This approach of refining articles, sorting them thematically, and writing in stages minimized the amount of data processed simultaneously, thereby maintaining the quality of the work and facilitating seamless integration of information from the articles into the final written literature review. This method emphasized the benefit of fully understanding the content of each article before proceeding with further processes. By adopting this approach, a comprehensive overview of the articles was developed with an eye to enhancing the quality of the categorization.

4.1.5. Limitations of Literature Review

The literature study may exhibit bias in scope and selection due to the authors' pre-existing knowledge and backgrounds. A different set of authors could extract different articles and information using the same method, as they might assess the articles differently. This represents a challenge when employing open approaches such as assessing relevance. Another significant

limitation is the availability of sources. The authors of this study have excluded all sources that are not fully accessible, even though they might have been relevant. These limitations indicate that the results of the literature study can be influenced by who conducts the study and could appear different if replicated by others.

4.2. Survey

As part of the mixed-method research approach, a survey was conducted concurrently with the literature review. For this purpose, “Nettskjema,” a web-based survey tool developed by the University of Oslo (Nettskjema, 2024), was utilized to craft the survey and facilitate the data collection process. This survey is a critical element of the study, providing quantitative data that complements the qualitative insights obtained from the literature. It aimed to collect expert opinions from analysts who closely follow the Equinor stock, regarding the topic of a potential demerger. By targeting individuals with specific knowledge and experience related to the company, the survey sought to capture nuanced perspectives on this possible corporate action.

The full set of questions and answers from the survey can be found in Appendix B.

4.2.1. Survey Design

The survey is designed to engage Equinor analysts by presenting bold statements as headers for each subsection, followed by one yes-or-no question and two to three questions on a Likert scale, ranging from *strongly disagree* to *strongly agree*. This format, known as a mixed-mode survey (Stadtmüller et al., 2021), employs a combination of two or more methods to collect data. Additionally, the survey offers analysts the opportunity to provide extended responses at the end, bridging any potential gaps between the questionnaire's objectives and the knowledge the analysts wish to convey.

4.2.2. Sampling and Data Collection

In this study, the sampling process was straightforward, as Equinor provides a public listing of principal analysts covering Equinor stock on their website (Equinor ASA, 2024c). This list included 29 analysts predominantly based in Norway, the United Kingdom, and France. The possibility of including distinguished financial journalists to potentially broaden the respondent base was considered, depending on the initial response rate to the survey. However, this was

not realized due to the sufficient response rate and the desire to keep the data concentrated among analysts.

A fundamental aspect of the survey was ensuring the anonymity of all participants. Prior to participation, analysts were assured that their responses would be confidential and that individual responses would not be identifiable. This measure was critical in encouraging openness and reliability in the feedback provided.

The outreach for survey participation was conducted through personalized emails, which not only tailored the invitation to each recipient but also highlighted the specific expertise of each analyst. This method aimed to enhance the response rate and ensure that each analyst appreciated the significance of their contributions to the study on Equinor's potential demerger. The emails clearly outlined the survey's objectives, the estimated time commitment, and the confidentiality of the responses. To further encourage detailed and thoughtful participation, a brief overview of the survey's relevance to current industry trends was included. This personalized communication strategy was crucial given the limited pool of 29 analysts and was designed to maximize response rates by making each analyst feel directly engaged and aware of the importance of their individual insights to the study's success.

The response rate for the survey aligned with preliminary expectations, garnering replies from 7 out of the 29 analysts. This constitutes a response rate of approximately 25%, which, while providing a spectrum of insights, might be considered limited in scope for establishing broad-based empirical conclusions. The dataset includes the time each respondent dedicated to completing the survey, details of which are illustrated in Figure 6. This information indicates substantial variations in engagement, with some respondents investing more time in contemplation and response than others. These differences in time spent may reflect the varying levels of consideration given to the survey questions.

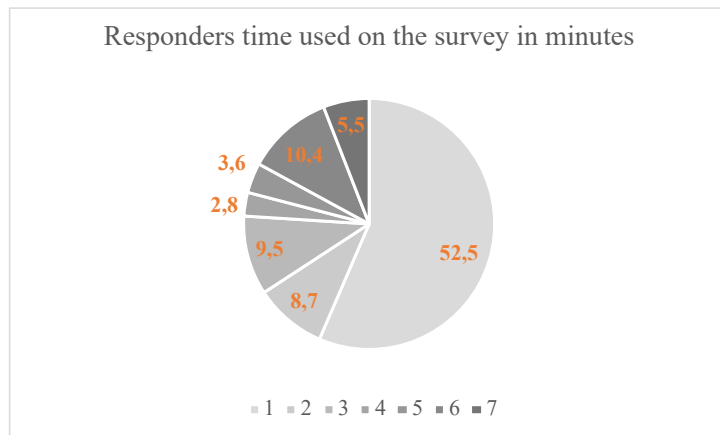


Figure 6 - Responders time used in minutes. This figure is created by the authors.

4.2.3. Data Analysis

For the analysis of survey data, an automated report feature from “Nettskjema” was utilized. This tool efficiently compiled all responses, displaying them on a scale while maintaining respondent anonymity. Given that the identities of individual respondents were concealed, the analysis focused on a general overview of the data. The survey's aggregate responses were examined to identify trends, patterns, and predominant sentiments among the analysts regarding the potential demerger. This approach allowed for an unbiased assessment of the collective viewpoint without singling out individual contributions.

4.2.4. Ethical Considerations and Limitations

In undertaking this survey, the weight of responsibility was recognized early due to the potential sensitivity of the analysts' responses. Given the speculative nature surrounding the topic of a potential demerger, there was awareness that revelations of analysts' beliefs could inadvertently influence the market's perception and possibly affect stock prices. As such, utmost care was taken to maintain the confidentiality of the responses to safeguard the integrity of the survey and the anonymity of the participants.

However, the survey's design, which prioritized anonymity, introduced certain limitations. While it encouraged honesty and transparency in responses, it also meant that the specifics of each participant's expertise or standing within the sector could not be verified. This is particularly relevant given the limited pool of analysts available for the survey. The inability to differentiate responses from leading analysts and those less prominent in the field could

potentially skew the data, impacting the robustness of the findings. Furthermore, the limited number of participants may not fully capture the breadth of expert opinions on such a significant issue.

4.3. Method triangulation and integrated design approach

As previously mentioned, this thesis employs a mixed-method research approach, specifically combining method triangulation and integrated design. Both approaches involve the simultaneous collection of qualitative and quantitative data. However, while triangulation treats all methods as equally important, integrated design assigns greater weight to one method over the others (Johannessen et al., 2020). The rationale for this combination relates to the scope of the thesis, as it is unlikely that all themes will be equally illuminated and addressed by each method. The weighting of the survey and literature review relative to the case will vary. During the processing of the survey, literature review, and case, emphasis was placed on presenting all perspectives to best lay the groundwork for answering the research question and addressing the problem statement. Prior to any discussion or conclusions, all perspectives were identified and compared against each other. This approach ensures that corresponding, divergent, and related perspectives are highlighted, supporting future discussions and conclusions.

5. Results

This chapter presents the findings from the literature review and the analyst survey. It builds upon the methodology and Equinor case study outlined in previous chapters, focusing on the outcomes of these two key components. The literature review provided a foundational understanding of the sector's dynamics and considerations for corporate restructuring within the energy industry. The survey then offered direct insights from analysts who regularly observe and interpret Equinor's market actions. The integration of these perspectives paints a comprehensive picture of Equinor's position within the renewable energy sector and sheds light on the implications of a potential corporate demerger. The results laid out in this chapter will inform the subsequent discussion and conclusions of this research.

5.1. Literature Review

This chapter systematically presents the findings from an extensive literature review. Drawing from a diverse array of scholarly works, the review examines various thematic areas pertinent to the energy sector. These include the performance and value creation outcomes of spin-offs, investment dynamics within the renewable energy landscape, and the strategic positioning of international oil companies (IOCs). Furthermore, the chapter evaluates these companies' strategic responses to industry shifts, reviews company- and industry-specific literature, and contextualizes these findings within broader industry trends, including decline in conglomerates. The integration of these thematic areas offers a broad spectrum of scholarly viewpoints and data, providing a multi-dimensional perspective on the forces shaping the energy industry and informing corporate strategy decisions.

5.1.1. Spin-off Performance and Value Creation

Spin-offs help companies concentrate on their core activities, thereby enhancing focus, margins, and valuations. This concept is supported by a wide range of research (Khorana et al., 2011; Kotzen et al., 2016; Pearce II & Patel, 2022). These studies collectively affirm that one of the primary reasons companies opt for spin-offs is to intensify their focus on core business operations. Further research by Khorana et al. suggests that sector-specific growth promotes value creation for spin-offs. Several articles also mention more optimal capital allocation in

connection with spin-offs or divestitures (Dittmar & Shivdasani, 2003; Gertner et al., 2002; Krause et al., 2021; Pearce II & Patel, 2022).

Evidence from a meta-analysis involving 26 event studies on spin-off announcements indicates a positive average abnormal return of 3.02% during the event window, particularly in spin-offs involving unrelated divisions. The analysis underscores that larger spin-offs, especially those segregating non-core assets, are likely to generate substantial wealth effects, validating the theory that divesting from larger, unrelated subsidiaries sharpens corporate focus and enhances firm value (Veld & Veld-Merkoulova, 2009). However, according to research by Khorana et al., where a quarter of the spin-offs had revenue under \$100 million, smaller spin-offs also create value.

Veld and Veld-Merkoulova also examined 156 European spin-offs between 1987 and 2000, noting initial average abnormal returns of 2.66% for completed spin-offs (Veld & Veld-Merkoulova, 2004). Their findings indicate that spin-offs with a greater emphasis on industrial focus yielded higher returns of 3.57%, compared to a mere 0.76% for those that did not. However, the long-term returns were mostly insignificant, suggesting that unlike their U.S. counterparts, European spin-offs do not consistently outperform over the long term.

Additional studies, such as those by Chai, Lin, and Veld on Australian spin-offs, report a 3-day cumulative return of 2.93% (Chai et al., 2018). In the short term, factors such as industry focus, geographical focus, information asymmetry, bank debt, industry sector, and market conditions do not clearly explain this variance. Nonetheless, significant long-term excess returns are evident up to 12 months post-announcement, particularly for spin-offs that bolster industrial focus, indicating that the market may gradually recognize the benefits of reducing negative synergies. Linn and Rozeff's research supports this idea, noting that spin-offs experiencing the greatest price increases were those that explicitly communicated energy motives to investors (Linn & Rozeff, 1985).

Moreover, Krause et al. (2021) suggest that spin-offs generally support long-term growth and enhance value creation for both entities involved. Additional positive outcomes from spin-offs are highlighted in studies by Owers and Sergi, who, from 2007 to 2017, observed high performance in spin-offs. They noted that several spin-offs that registered negative performance were influenced by external factors beyond the spin-offs themselves (Owers & Sergi, 2021).

Empirical data from Kirchmaier, covering 780 trading days, demonstrates that spin-offs do not guarantee success; one-third of the companies underperformed the market, with 41% of parent firms specifically underperforming (Kirchmaier, 2003). Overall, the combined performance of parent and spin-off firms showed a statistically insignificant abnormal return of +4.2%. Nevertheless, spin-offs outperformed the market by a +17.3% return, whereas parent firms generally underperformed by -5.9%. Kirchmaier's findings suggest that smaller demergers may be more successful than larger ones. Variable performance of spin-offs is also observed by Kotzen et al. (2016) who in their BCG study of 80 U.S. spin-offs from 2000 to 2014, found that the median initiating company outperformed the S&P 500 by 7% six months post-announcement, yet the median new company slightly underperformed in the market post-spin-off, highlighting a wide performance gap among companies.

Research identifies several advantages of spin-offs beyond efficient capital allocation. Pearce II and Patel suggest that spin-offs can address information asymmetry, improve efficiency, and streamline resource reallocation through restructuring (Pearce II & Patel, 2022). Furthermore, spin-offs in emerging industries, especially those partnering with larger companies, can enhance innovation performance (Hagedoorn et al., 2018). Additionally, spin-offs can lead to more efficient investment policies within the remaining segments of firms (Dittmar & Shivdasani, 2003).

These positive effects are not presented as guarantees in all articles. Building on the previously noted insights from Krause et al. (2021), it is important to recognize additional factors that highlight the success of spin-offs. Beyond supporting long-term growth, Krause et al. emphasize swift adaptation to growth, the pursuit of operational excellence, focused leadership, and strategic nurturing of corporate culture and talent management. These factors not only strengthen the initial performance metrics but also sustain the value creation process over time.

5.1.2. Investments in Renewable Energies

The consultancy firm PwC highlights that responsible investment based on ESG factors is increasingly adopted by mainstream investors, driving both value creation and risk management. Investments aligned with ESG can lead to long-term financial benefits, including lower capital costs and access to green bonds (PwC, 2021). Deloitte agrees that a company's ESG practices can now influence its market value (Deloitte, 2021). According to PwC, this

applies across various sectors, with the trend showing a lower beta for companies with strong ESG policies.

An older study covering the period from 2000 to 2013 offers a different perspective on the performance of renewable energy equity indices. It reveals that although some indices outperform their benchmarks, most underperform, making them generally poor investment choices from a financial standpoint. The study also found that these indices are associated with higher risk compared to benchmarks, in addition to having high costs and low liquidity for direct investments in renewable energy (Rezec & Scholtens, 2017).

Furthermore, several studies have examined the investments of Big Oil. A study by Hawkes, Muûls, and Hamilton analyzes mergers and acquisitions (M&A) data within the energy industry, revealing that since 2000, more than \$5 trillion has been spent on M&A, with approximately \$250 billion directed towards renewable generation assets (Hawkes et al., 2023). However, IOCs accounted for 18% of the total industry M&A yet only invested 2%, or \$5 billion, in renewables. They highlight that IOCs prefer investing in competitive rather than regulated energy markets. Similarly, Franco notes in his thesis that as long as global demand for oil and gas remains strong, major oil companies like ExxonMobil, Chevron, Shell, Total, and BP have little incentive to fully transition away from their profitable upstream operations, and investors are unlikely to push for such changes (Franco, 2019).

This aligns with findings by Li, Trencher, and Asuka, who, in their financial and investment analyses, found no substantial investments in renewables by Chevron, ExxonMobil, BP, and Shell from 2009 to 2020. They simultaneously conclude that a genuine shift towards renewables would negatively affect profitability and share price (Li et al., 2022). Additionally, there is consensus among researchers that the largest oil companies focus on oil and gas, treating renewables as non-core or not prioritizing a shift away from fossil energy (Csomós, 2014; Halttunen et al., 2023; Hawkes et al., 2023; Li et al., 2022; Trencher et al., 2023).

Pickl (2019) supplements this by highlighting that oil majors with fewer oil reserves are moving more swiftly into renewables to diversify and stabilize their portfolios. Contrary, those with substantial reserves, especially U.S. majors, are slower to adopt renewable strategies. Additionally, Csomós' (2014) conclusion reveals that ExxonMobil, a major U.S. company, openly admits its reluctance to engage with less profitable renewables, placing short-term profitability above all else, including public opinion. The article also includes an important quote in an interview from a former CEO of Shell:

“Maybe Exxon got it right. Maybe it’s not the oil company’s job to do solar. If the day comes when the world doesn’t need more oil, it may be the oil company’s job is to simply switch off the lights and return the money to its shareholders.” (Miller, 2013, p. 58).

Masom supports previous studies suggesting that investments in low-carbon technology are modest, demonstrating that environmental expenditures account for 2.3% and 0.22% of BP's and Exxon's total capital expenditures, respectively. His results further indicate that the overall impact of low-carbon activities on shareholder value is minimal, with most companies experiencing negligible changes in market valuation around the periods of these announcements (Masom, 2023).

5.1.3. International Oil & Gas Company’s Position

A significant portion of the literature addresses the characteristics and strategies of IOCs in the energy transition. Kirchmayer argues that IOCs lack the capabilities needed for renewable energy, being better suited to large upstream projects. However, he notes that they possess assets that could be leveraged in the renewable sector, such as offshore wind expertise and energy trading capabilities, along with the potential to enhance their gas station networks with alternative fuel options (Kirchmayer, 2020). He is not alone; a Norwegian master's thesis also identifies offshore wind as an opportunity for IOCs to leverage their existing expertise into the biofuels and offshore wind sectors (Mailhol, 2022). Similarly, Yun, Jia, and JieXin argue that their expertise in offshore operations and diverse geographical portfolios can be advantageous in sectors like offshore wind (Yun Peng et al., 2019). Meanwhile, Pickl (2019) points out that only offshore wind offers scalability comparable to upstream oil investments.

Yun, Jia, and JieXin also note that IOCs are well-positioned to enter renewable energy markets due to their experience in managing above-ground risks in challenging regions and their strong financial capabilities. Their ability to finance large-scale projects and leverage established relationships and supply chains gives them an edge in emerging markets such as Sub-Saharan Africa and the Middle East. Additionally, Franco (2019) contributes insights into the positioning of oil companies, suggesting that European companies might be better positioned to adapt to a low-carbon energy system by utilizing their existing advancements in renewable energy. In contrast, U.S. companies might extend their current business models through innovations in carbon capture and biofuels.

Other studies contribute to highlighting additional factors influencing IOCs. Coelho's conclusion emphasizes that while global energy demand is projected to increase significantly by 2040, oil and gas projects currently offer higher profitability than renewable energy projects (Coelho, 2019). Similarly, the conclusion from Csomós (2014) asserts that most oil and gas companies contend that, despite the potential importance of renewable energy, the world's growing energy demand can only be met by oil and gas. Therefore, these companies primarily focus on investments in the exploration of fossil fuels worldwide. Another important quote in Csomós' study from Katrina Landis, then CEO of BP's alternative energy division, is also highlighted: *"All of our alternative energy businesses are businesses. We have to compete for investment dollars with all the hydrocarbon resources within BP."* (Csomós, 2014).

In their study, Halttunen, Slade, and Staffella conducted interviews with individuals from IOCs (Halttunen et al., 2023). These interviews revealed only minor adjustments in response to the energy transition, marked by significant internal resistance. Older team members typically prefer to maintain a focus on fossil fuels, whereas younger employees are more open to renewables. The interviews highlight the challenges IOCs face in competing with specialized renewable energy firms due to their substantial yet inadequately leveraged capital resources. Interviewees expressed concerns about the slow pace at which oil companies can adapt to new energy markets and the strategic divide this creates within companies. It also emerges that the sector now features its own established renewable "majors," complicating efforts for traditional oil companies to successfully pivot their business models.

Other studies, such as those by Owers and Sergi, as well as Qadir, Al-Motairi, Tahir, and Al-Fagih, highlight critical factors for the future activities of IOCs. The trend toward "pure-play" firms, which focus on specific business areas, is increasingly favored by investors who prefer to manage diversification through their investment portfolios (Owers & Sergi, 2021). Moreover, while institutional investors support the transition, non-institutional investors typically resist it, further complicating the transition (Qadir et al., 2021).

A study by Chevallier, Goutte, Ji, and Guesmi sheds light on the risk of carbon stranded assets. Their model predicts that up to 80% of oil and gas reserves could become unburnable, and fossil fuel prices could decrease by 25% to 50%. This situation is exacerbated by investor preference, including pension funds, who are increasingly divesting from polluting stocks. Without ambitious climate policies, the absorptive capacity of the Earth could be severely

diminished, potentially leading to bankruptcies among major fossil fuel companies unless there is a pivot to clean energy, behavioral changes, or innovation (Chevallier et al., 2021).

5.1.4. International Oil & Gas Company Strategy

The previously mentioned article by Kirchmayer (2020) argues that IOCs lack the capabilities needed for renewable energy and suggests that IOCs must engage in mergers and acquisitions to acquire the necessary expertise. It also calls for a cultural shift towards more agility and risk-taking in management to adapt their portfolios. Elsen's thesis suggests that some IOCs are well-equipped to adapt their portfolios and highlights Royal Dutch Shell, BP, and Equinor. These companies can leverage their high investment capital, global presence, and brand loyalty (Elsen, 2020).

It also emerges from several studies that the transition is not straightforward. Zhong and Bazilian highlight the challenges IOCs face in integrating renewables into their business strategies, suggesting potential disruptions during the transition to a clean energy economy (Zhong & Bazilian, 2018). The same point is made by Lu, Guo, and Zhang, who indicate that the transition of oil and gas companies to low-carbon operations is expected to be lengthy and challenging (Lu et al., 2019).

Several studies emphasize timing and speed of transition as critical factors. Acting too early or too late could result in financial losses or reduced competitiveness (Okereke & Russel, 2010). According to Fattouh, Poudineh and West, oil companies should adopt flexible strategies that can succeed under various future market conditions. Instead of completely shifting from hydrocarbons to renewables, companies should gradually expand their business models to include an integrated portfolio of both traditional and low-carbon assets (Fattouh et al., 2019). Transitioning to low-carbon strategies presents significant risks for IOCs, including suboptimal returns from ongoing hydrocarbon investments and the dangers of rapidly adopting unfamiliar renewable technologies, which could lead to stranded assets.

The evolving energy sector requires careful capital allocation, as IOCs must balance their traditional operations with renewable ventures (Yun Peng et al., 2019). Coelho also concludes in his thesis that IOCs should cautiously prepare for the energy transition without making drastic changes to their business models in the short term. The immediate impact of the energy transition on IOCs is minimal, primarily affecting strategic planning rather than financial performance (Coelho, 2019). He also believes that IOCs must adapt to changes in government

policies. Similarly, Lu, Guo and Zhang argue that government actions and subsidies will play a significant role in an energy transition (Lu et al., 2019).

Two studies have examined Nordic energy companies, where Latapí, Jóhannsdóttir and Davíðsdóttir highlighted environmental commitment as a key driver across all firms, with proactive leadership playing a crucial role in adopting such initiatives. Findings suggest that company size does not significantly influence responsible business practices, although smaller companies may struggle with resource limitations. Additionally, long-established companies exhibit confidence in their ability to adapt quickly to market changes (Latapí et al., 2021). The other study, conducted by Mitchell, Sigurjonsson, Kavadis and Wendt, explores how organizations can finance a transition to sustainability by integrating environmental priorities into their strategic and governance frameworks. Key strategies include aligning board directives with sustainability goals, investing in green technology, enhancing R&D, and implementing ESG reporting. Financial benefits include increased capital and reduced costs through *greeniums*¹, while non-financial benefits cover improved communication, learning, and a focus on sustainable projects. These strategies vary in implementation across industries (Mitchell et al., 2024).

The previously mentioned article by Halttunen, Slade and Staffella (2023) also notes that if adaptation to market changes continues to lag, reducing fossil fuel production and returning capital to shareholders might emerge as the only viable long-term strategy.

5.1.5. Company and Industry Specific Literature

Parts of the selected literature have conducted research directly targeting individual companies, often as case studies, and several have focused on Ørsted and its transition to a renewable firm. Rendtorff has utilized the Ørsted case and determined that oil and gas companies can successfully transform into renewable energy companies. The author emphasizes that the support and control maintained by the state, even as the company enters the stock market, can guide business organizations towards political goals such as sustainable development. Additionally, the case highlights the critical roles of stakeholder involvement and the importance of local regulatory frameworks (Rendtorff, 2023). In Madsen and Ulhøi's study, it

¹ Referring to premium bonds in the green energy sector, and indicates lower yield relative to conventional bonds. Mitchell, J., Sigurjonsson, T. O., Kavadis, N., & Wendt, S. (2024). Green bonds and sustainable business models in Nordic energy companies. *Current Research in Environmental Sustainability*, 7, 100240. <https://doi.org/https://doi.org/10.1016/j.crsust.2023.100240>

is revealed that Ørsted has taken a proactive and visionary approach to sustainability, where reducing CO2 emissions is seen as core business. This study illustrates that strategic visioning accelerates innovation and new technology at Ørsted, as well as for expanding their business and investment portfolio in the area of renewable energy (Madsen & Ulhøi, 2021). Similar to Rendtorff, Græe and Magnussøn find through their financial study reason to believe that collaboration with governments was a critical factor for Ørsted's successful transition (Græe & Magnussøn, 2020).

Based on a case study of Ørsted, Dzhengiz, Henry and Malik present the dilemma businesses encounter in balancing stability with the necessity for change. They find that a diverse mix of partnerships, influenced by temporal and geographical factors, aids in managing this challenge (Dzhengiz et al., 2023). By integrating short-term and long-term collaborations across both local and global scales, companies can effectively blend these elements. This approach allows them to achieve equilibrium between preserving stability and pursuing essential transformations. Abraham-Dukuma also notes that Ørsted demonstrates the potential that lies in partnerships (Abraham-Dukuma, 2021). The study by Bartalos, Sarvari, and Fekete additionally highlights Ørsted's transition, showing that while large corporations like Shell and BP have substantial divested values, smaller companies like Ørsted demonstrate significantly more impactful outcomes in the green transition when assessed relative to sales revenue. The study indicates that the "core competence" of the company and the countries significantly impacted the divestments (Bartalos et al., 2023).

Further analysis of the financial health of five sustainable companies shows that these firms can maintain sustainability while demonstrating strong financial health. Ørsted was among these companies, and it was noted that they had high capital expenditures, which, according to the authors, could indicate potential financial challenges that renewable companies might face. Despite these high capital expenditures, the study highlights that Ørsted still exhibits good financial health (Balliu, 2022). Within the same theme Morina, Ergün and Hysa evaluate drivers of Renewable Energy Firm's Performance, through 41 EU-based firms from 2004 to 2018. They found that larger companies are generally more profitable, with better returns on assets and higher Tobin's q ratios² (Morina et al., 2021).

² The market valuation of a company divided by its asset's replacement costs. A factor that can be used to assess whether a company is over- or undervalued. Hayes, A. (2021). *Q Ratio or Tobin's Q: Definition, Formula, Uses, and Examples*. Investopedia. Retrieved April 22 from <https://www.investopedia.com/terms/q/qratio.asp>

Financial leverage is also believed to have a positive long-term effect on performance, suggesting that there are benefits to using external funds for expansion. Morina et al.'s study suggests that profitability declines during financial crises, underscoring the importance of policies that stimulate worldwide demand for renewable energy. It also recommends that the Energy Union customize support programs according to the performance of renewable energy companies to help achieve EU goals for low-carbon energy production (Morina et al., 2021). Other factors influencing renewable energy companies include oil prices. According to Sadorsky's findings, oil prices have a more substantial impact on a company's beta than sales growth. He suggests increasing sales through government incentives and taxing fossil fuel usage to mitigate the influence of oil price risks on renewable energy financing and investment (Sadorsky, 2012).

Naturally, several studies have examined the case in this thesis, Equinor. Shaw and Donovan assessed the Preparedness of Major Oil and Gas Companies for a Low-Carbon Energy Transition, scoring Equinor at 89%, which ranks them third behind Total Energy and Shell. Equinor achieved its highest score in the category risk management and its lowest in governance, still with a relative high score compared to other companies like Exxon Mobile, Chevron and Eni (Shaw & Donovan, 2019). Lestan and Kubasova have also evaluated Equinor and how the transition affects the company's competitive status. According to the competitive profile matrix in the study, the energy transition impacts Equinor's business by 30%. The company also receives a score of 70 out of 100%, slightly below average on the likelihood of a successful transition (Lestan & Kubasova, 2022).

Furthermore, Lestan and Kubasova note that Equinor's global presence provides substantial strength, but with the renewable segment representing only 2% of total revenue, they fall short in terms of perspective of competitiveness. They also believe that Equinor is lagging in the energy transition due to a lack of hydro power plants and biofuel production. Additionally, they argue that Equinor is pursuing multiple different strategies instead of committing fully to a single approach. The article also reveals that Equinor's internal business transition is moving faster than their response to external opportunities and threats within their market areas. The authors believe that the internal development can be leveraged to surpass competitors in the long term by exploiting market opportunities (Lestan & Kubasova, 2022).

When it comes to organizational culture, the study of Crichton, Shrivastava, Walker, Farhidi, Renwick and Ellegate highlights Equinor focus on sustainability, which distinguishes it among

major fossil fuel companies by driving specific sustainable behaviors. They do find potential challenges in internal communication and engagement, as evidenced by a notable gap in 'employee voice, and despite internal strengths, the ability to address external pressures and risk considerations may be limited (Crichton et al., 2024).

The previously mentioned article by Græe and Magnussøn further contributes to evaluating whether Equinor can achieve a transition as successful as Ørsted's. They highlight strengths and similarities such as capital flexibility, partial state ownership, and synergies in floating offshore wind. The thesis point out that despite its apparent strengths, the financial dynamics that were instrumental in Ørsted's transformation are no longer conducive for Equinor to mirror that success (Græe & Magnussøn, 2020). Factors contributing to this argument include no exclusive leverage of synergies with fixed-bottom offshore wind farms, a limited track record of introducing institutional investors to early stages of projects, and no competitive advantage in cost-effectiveness unless it involves floating offshore wind. Both Equinor and Ørsted have low LCIRRs³ for future projects, but a larger portion of Ørsted's portfolio is already operational. Other points argued include that Equinor does not fully benefit from ESG investments, as investors tend to favor pure-play renewable companies. Additionally, Equinor's involvement in oil and gas results in a higher cost of capital. The article suggests a "spin-off" as a solution for Equinor, which could lead to more attractive pricing, better execution of renewable strategies, and cheaper funding options such as through green bonds. They also believe that Norwegian governance could secure Equinor Renewables in the event of a spin-off, but they doubt that they would want to hold the majority ownership in a purely oil and gas firm.

5.1.6. Industry Trends and the Conglomerate Wave

Research in the literature review shows disagreement on the topic of conglomerates and diversification. Lamont and Polk analyzes data from the Compustat database (1979–1997), and find that diversification generally reduces a firm's value (Lamont & Polk, 2002). The reduction is particularly evident when diversification occurs as a result of external pressure rather than strategic choices. Regarding the relationship between diversification and decreasing value, it is unclear whether firms diversify because their value is declining, or if the diversification itself is causing the decline. The discount also appears in the findings of Khorana, Shivdasani,

³ Levelized Cost of Renewable Energy

Stendevad and Sanzhar, where conglomerates generally face a median discount of 5.5% compared to pure-play companies (Khorana et al., 2011). Lamont and Polk (2002) on the other hand, find no evidence of a diversification discount.

Khorana et al. (2011) also show that the discount can be reduced by 1.8% in volatile capital markets due to internal funding capabilities. They further note that successful conglomerates allow for strategic flexibility and cost-of-capital advantages. The study further contributes by analyzing productivity in conglomerate firms compared to single-segment firms. They find that, except for the smallest firms, conglomerate plants are generally less productive. Primarily, the lower productivity is located in smaller, peripheral segments of the conglomerates, while the largest segments within conglomerates tend to be highly efficient. This supports the hypothesis that conglomerates invest in industries where they have a comparative advantage and make optimal resource allocation decisions. The evidence indicates that most conglomerates grow across industries in a manner consistent with optimal behavior, despite potential inefficiencies from higher overhead costs (Maksimovic & Phillips, 2002).

An analysis from 1978-1989 suggests that American public firms shifting away from diversification during the 1980s, aligned with shareholder wealth maximization. The study found that corporate debt does not benefit significantly from the coinsurance of diverse cash flows, and the availability of internal capital markets does not reduce reliance on external capital markets (Comment & Jarrell, 1995). Furthermore, several studies examine reasons for a potential discount. Burch and Nanda find that discounts on diversified firms likely reflect actual structural losses, which are mitigated by spin-offs that enhance value. This supports the agency cost theory regarding such discounts. They also note a weak correlation between changes in investment policy and improved value, suggesting that firm diversity affects value in more ways than just through investment policy (Burch & Nanda, 2003). Others believe that such a discount may stem from reduced productivity (Maksimovic & Phillips, 2002), inefficient investment policies within divisions (Dittmar & Shivdasani, 2003), or reflect effective external monitoring and different stages of corporate evolution (Singh et al., 2004). Maksimovic and Philips, along with Singh et al. additionally suggest that an agency problem or conflict is not the reason for a potential discount.

Research conducted by Hoechle, Schmid, Walter and Yermack explains the relationship between corporate governance and the diversification discount observed in conglomerate firms. Their analysis revealed that between 16% and 21% of the diversification discount could

be credited to the governance decisions of these firms. Incorporation of governance variables into the authors' regression models led to a considerable reduction in the estimated diversification discount. This suggests that enhanced corporate governance practices have the potential to lessen the value loss often linked with diversification. The study's event analysis, focusing on mergers within the examined firms, alongside panel regression analysis, indicates that firms exhibiting robust corporate governance structures tend to experience a minimized destruction of value, or in some cases even generate additional value, in the context of both diversifying and non-diversifying mergers, as reflected in shareholder responses to the announcements of these mergers (Hoechle et al., 2012).

Additionally, Singh, Mathur and Gleason observe that firms adapt their diversification strategies based on managerial perceptions of shareholder value potential, with governance and ownership structures evolving in response to these strategic shifts. This suggests that diversification decisions are more influenced by underlying firm characteristics and the perceived benefits of diversification or focus, rather than by governance factors alone (Singh et al., 2004).

5.2. Survey

In this chapter, the quantitative results from the survey are presented. The survey collected responses from analysts covering Equinor's stock to evaluate perceptions regarding the Renewable division's operations and market considerations. Graphical displays corresponding to each question provide an at-a-glance understanding of the range of opinions expressed by the respondents. Through these results, the survey aimed to tap into the expert knowledge of analysts, revealing insights into the external viewpoint on Equinor's Renewable division and its potential demerger. The anonymity of responses was upheld to ensure unbiased feedback, and the data acquired is a key component in shaping the analysis that follows, offering a basis for further discussion on the topic.

The categorizations used to sort survey answers are intentionally set apart from those of the literature review to broaden the spectrum of analyst insights and capture different facets of the division's performance and market position. This provides a grounded and varied basis for the findings section that follows, where the survey data will be analyzed in context with the study's main themes.

5.2.1. Investment Priorities within Equinor's Divisions

The survey opened with questions aimed at uncovering perceptions regarding the allocation of attention and resources within Equinor. Respondents were first asked to consider whether the Renewable division is adequately prioritized, a question fundamental to understanding the internal dynamics of investment within the company. Following this, analysts weighed in on the long-term investment needs of the Renewable division against the immediate profitability of oil projects, a contrast that could potentially hinder value maximization within the renewable sector. Lastly, they assessed Equinor's resource allocation strategy to discern whether it strikes an effective balance between long-term sustainability and short-term profitability.

In the answers on the Renewable division's prioritization, a slight majority, with four affirmations against three negations, indicates that the division is believed to receive adequate attention. Regarding the question on whether the contrast between Equinor Renewable's need for long-term investment and the immediate profitability of oil projects hinders value maximization, responses were diverse. There are two instances of *Strongly agree*, one *Agree*, two *Neutral*, one *Disagree*, and one *Strongly disagree*. This reflects a spread of perspectives on the investment strategies affecting the renewable sector. Finally, when the analysts were asked about Equinor's resource allocation strategy, the responses were equally split along the agree-disagree continuum, with three respondents each falling on either side of agreement or disagreement, and one respondent indicating neutrality.

5.2.2. Decision-Making Efficiency and Resource Allocation

Diving deeper into operational management, the survey asked for opinions on the influence of potential structural changes on decision-making processes. Analysts were asked to contemplate the possible enhancement of decision-making efficiency if the Renewable and Oil & Gas divisions were managed separately. Additionally, they were asked to evaluate the impact of separate management on resource allocation and project prioritization, as well as the existence of governance bias affecting investment decisions within the intertwined management of high-profit oil and gas projects alongside renewable energy investments.

For the answers in this context, the survey data reflect mixed opinions on the potential benefits of a demerger within Equinor. A slight majority of respondents, with four *No* answers against three *Yes* answers, lean towards the notion that a demerger could not enhance decision-making processes within the company's separate divisions. When it comes to structuring Equinor's oil

& gas and renewable energy operations as two separate entities to facilitate more strategic resource allocation, there is a tendency towards agreement, with two *Strongly agree*, three *Agree*, and the two remaining all disagreeing, one of which strongly. As for governance bias in decision-making, responses were very mixed, with four respondents for *Agree* or stronger and three on *Disagree* or stronger positions, indicating no clear consensus on the presence of bias within the current unified management structure.

5.2.3. Transparency and Investor Relations

Further investigating the strategic aspect, the survey addressed Equinor's transparency with investors, especially in formulating strategies that span both renewable and fossil fuel sectors. Questions focused on whether a demerger could potentially bolster investor interest in Equinor Renewable and attract environmentally focused investors, as well as the anticipated market valuation of Equinor Renewable post-demerger, an important aspect when considering the company's financial narrative in the public domain.

In the answers for these questions, respondents predominantly indicate that a demerger might elevate investor interest in Equinor Renewable, with five out of seven affirming this viewpoint. The potential to attract more environmentally conscious investors through a separation from oil and gas operations gets a favorable response, with a majority expressing varying degrees of agreement, in contrast to the spread answers on the previous questions. However, the anticipated valuation of Equinor Renewable in the event of a demerger gave a more mixed reaction, with two respondents *strongly disagreeing* to a higher valuation multiple relative to other renewable companies, three *neutral*, one *disagreeing*, and one *strongly agreeing*, indicating varying opinions about the financial outcomes of such a change of the company's structure.

5.2.4. Asserting Equinor's True Commitment to Renewable Energy

In exploring Equinor's strategic priorities, the survey delved into the company's commitment to renewable energy as a foundational aspect of its business strategy, indicating a possible greenwashing. Analysts were prompted to consider Equinor's ability to effectively manage and compete within both the oil & gas and renewable energy sectors, acknowledging the complexities and synergies of such a dual-sector approach. Additionally, the survey sought

expert opinions on the potential ramifications of a demerger, specifically questioning whether separating Equinor Renewable and Equinor Oil & Gas would lead to increased competitiveness for each entity in their respective markets.

The responses to the survey questions present a diverse range of perspectives from analysts on Equinor's strategic focus. In terms of whether Equinor views its renewable energy initiatives as pivotal to its business strategy, there appears to be a general consensus leaning towards agreement. Five out of seven analysts affirmed that Equinor does prioritize its renewable energy initiatives, suggesting a recognition of the renewable sector's importance in the company's strategic planning. In terms of competitive ability, a majority *agree* that Equinor is capable of effectively competing in both the oil & gas and renewable energy sectors simultaneously, with five analysts expressing *agreement* to varying degrees. However, when it comes to the potential increase in competitiveness following a demerger, opinions diverge significantly. While two analysts believe a demerger would strongly enhance the competitive standing of Equinor Renewable and Equinor Oil & Gas in their respective fields, two others *strongly disagree*, and three maintain a *neutral* stance or *disagree* with the notion, reflecting a lack of consensus on the impact of a structural separation on competitive dynamics.

5.2.5. Management Strategies for Divergent Division Profiles

The survey also explored the differing risk profiles between the Renewable and Oil & Gas divisions, questioning the necessity for distinct management strategies. Analysts provided their insights on whether Equinor Renewable, as an independent entity, would be better positioned to leverage public support and recognize growth potential as a standalone entity in the market.

The responses reflect a mixed viewpoint among analysts. Four out of seven analysts support the idea of separate management strategies for each division, driven by their distinct risk profiles. On the question of Equinor Renewable's positioning to leverage public support schemes and incentives, opinions are divided as well. Three analysts suggest that, as an independent entity, Equinor Renewable would not be better positioned, with one *strong disagreement*, while three analysts believe it would benefit from such a stance, two of them strongly. On this question, only one analyst was *neutral*. When considering market recognition of growth and value potential, there appears to be a positive tilt. Five analysts agree that the market will more clearly recognize Equinor Renewable's value as a standalone entity, with two *strongly agreeing*, whereas only two hold a *neutral* or *disagreeing* perspective. This collection

of insights portrays a scenario where, although there is some disagreement, there is a slight leaning towards viewing Equinor Renewable as capable of enhanced public engagement and market value recognition if it were to operate independently from the Oil & Gas division.

5.2.6. Independence and Adaptability of Equinor's Renewable Division

Respondents evaluated the prospects of Equinor's Renewable division standing independently from the parent organization. This section of the survey investigated the potential for strategic partnerships, the challenges of financing large projects independently, and the division's ability to adapt to evolving market developments outside of wind and solar energy sectors. The valuation of Equinor Renewable as an independent entity was a closing point, assessing the starting position for a potential demerger.

In evaluating the impact of a potential demerger on Equinor Renewable's operations, analyst opinions indicate a balanced stance on its ability to enhance strategic partnerships, with a roughly equal number affirming and negating the benefit. The majority view, with five out of seven analysts, suggests that financing large projects could pose more challenges for Equinor Renewable as an independent entity, pointing towards the benefits of the current organizational support. Regarding adaptability to market developments beyond wind and solar, opinions are varied, with a slight lean towards the belief that a demerger could be advantageous, reflected by two *strong agreements* and three *neutral* responses. In terms of valuation post-demerger, there is no clear consensus, with analysts' responses distributed across the spectrum from *strong agreement* to *strong disagreement* on whether Equinor Renewable would face a demanding financial beginning as an independent company, although three analysts *disagreed*.

5.2.7. Assessing a Demerger's Impact on Long-Term Value Creation

The survey ended with a vital question for this thesis, addressing a fundamental aspect of the research by analyzing the potential long-term outcomes of a demerger of Equinor's Renewable energy division. The question posed to analysts was: "Given the right circumstances, do you believe that a potential demerger of Equinor's renewable energy division could result in the sum of the parts being greater in the long term?"

A slight majority of analysts, with four out of seven, believes that under the right circumstances, a demerger could indeed result in greater overall value over an extended period.

In contrast, the dissenting responses signal a cautionary perspective on the assuredness of such an outcome, indicating that this is indeed a difficult scenario to predict, which is shown in the variety of responses all over.

The final question here is crucial within this section, as it directly requests the analyst views on the central research question. The data presented here are factual, intentionally eliminating the need for interpretation, ensuring an objective foundation for the subsequent discussion chapter. The exploration of the implications and strategic feasibility of a demerger will be thoroughly deliberated in the following sections of the thesis.

5.2.8. Open-Ended Survey Responses

This sub-chapter outlines the open-ended questions provided to the analysts, inviting their written insights on topics potentially overlooked in the standard questionnaire. The survey presented three questions: What factors might negatively impact the potential demerger? Which factors could have a positive influence? Additionally, respondents were invited to offer open-ended comments on the demerger concept, allowing for a richer, more nuanced exploration of their viewpoints. The responses to the open-ended questions were fewer, as not all analysts chose to provide written feedback, resulting in a more condensed array of perspectives compared to the comprehensive views explored in previous sub-chapters.

Analysts have voiced concerns regarding the ramifications of a potential demerger for both the renewable and oil & gas businesses. There is apprehension that, following a demerger, the renewable segment may lack sufficient capital for investment, potentially hindering growth, and innovation. Additionally, there is a concern that separating the two entities could “send the oil & gas business into the sunset”, undermining the overall transition strategy, which relies on leveraging competencies across both operations. A continuing theme is the recommendation that the renewable business should reach a mature size before considering a spin-off to ensure financial and operational stability. Concerns were also raised about the practical challenges of equity financing post-demerger and the strategic missteps that could undermine Equinor’s broader transition objectives.

On the other hand, some respondents see a demerger positively impacting the company by satisfying investors focused on short-term gains and by possibly securing a more favorable valuation for the renewable division. The prospect of independent management and decreased competition for financing are seen as potential advantages. However, this view appears to be

in the minority, with skepticism expressed about the efficacy of such a move within Equinor's current strategic framework.

The more open-ended query obtained a diverse range of responses, with some analysts suggesting that the survey might not be asking the right questions, pointing instead towards broader strategic considerations necessary for a company's survival and successful energy transition. Analysts suggest examining the company's pursuit of investment opportunities, differential economic value-added (EVA) between business segments, and the attractiveness of investment opportunities within each segment. Equinor's renewable division is critiqued for its size and competitiveness, with doubts expressed about the viability of its business model and the market excitement surrounding its carbon capture and storage (CCS) projects.

5.2.9. Summary of Findings from the Survey

The survey's findings articulate a complex landscape of analyst perspectives on Equinor's strategic management, investment prioritization, and potential structural reorganization. Notably, the data indicates a trend towards a balanced view on the Renewable division's top management attention within the company, with a slight majority of analysts suggesting that renewable initiatives are indeed integrated into the core business strategy. However, differing views were notable on the effectiveness of Equinor's resource allocation, particularly when considering the tradeoff between long-term and short-term investments. This shows that the analysts debate the optimal balance between immediate financial returns and sustainable growth strategies.

For decision-making and operational management, there was a notable split in opinions regarding the benefits of a demerger. While some analysts foresaw enhanced focus and agility from independently managed divisions, others raised concerns about potential challenges, including governance bias within a unified structure. The concept of independence for the Renewable division showed varied expectations on its financial viability and adaptability to market developments, with analysts expressing both caution and optimism about Equinor Renewable's future as a standalone entity. The responses highlighted uncertainties around financing capabilities post-demerger and the division's potential market valuation.

Collectively, these insights point to a slight analyst optimism about the potential strategic benefits of a demerger, tempered by a recognition of the risks and uncertainties fundamental in such a significant structural shift. The culmination of these findings provides a foundation for further discussion on Equinor's strategic choices in the face of a changing energy sector.

6. Discussion

A critical internal factor for Equinor regarding the research question is the prioritization of renewable energy investments. If this prioritization is as high as, or equivalent to, what could be achieved as an independent unit, it would challenge the rationale for a demerger. Analysts are divided in their opinions on resource allocation and the prioritization of renewables, with a majority viewing renewable energy as core to business strategy. Conversely, the literature generally concurs that IOCs consider renewable energy non-core (Csomós, 2014; Halttunen et al., 2023; Hawkes et al., 2023; Li et al., 2022; Trencher et al., 2023), and many argue that the rising energy demand and higher profitability of fossil fuel projects do not incentivize investments in renewables (Franco, 2019). The studies that argue renewables are not treated as core by IOCs do not all consider Equinor specifically. However, when comparing Equinor's renewable revenue with the companies in these studies, renewables do not emerge as core for Equinor either. There is a discrepancy between what the literature and analysts indicate, which the authors believe may stem from a difference between being core to strategy versus core to current business. Renewable energy is core to Equinor's long-term strategy but non-core to its current business.

The quote by the former CEO of BP's alternative energy division that all parts of a company must compete for investments, although from 2014 (Csomós), remains highly relevant for Equinor today. With higher returns on fossil projects, this naturally poses a challenge, and analysts are divided on whether this undermines the value maximization of Equinor's renewable division. It is possible that this dynamic could diminish the benefits of intercompany financing for the renewable division.

Evaluating the general concept of spin-offs and demergers typically reveals predominantly positive outcomes. Literature convincingly suggests that it is often the spin-off unit that performs best, although success is not guaranteed (Kirchmaier, 2003; Kotzen et al., 2016). In Equinor's case, the renewable division is expected to experience growth and progress, which a spin-off could accelerate. Increased industrial focus is identified as a positive factor (Khorana et al., 2011; Kotzen et al., 2016; Pearce II & Patel, 2022), and there appears to be potential within Equinor for such focus. The variable impact of a spin-off on the parent firm suggests that it is crucial for the research question to consider the implications for Equinor's fossil fuel division as well. Both divisions could benefit from increased focus; in the fossil fuel division,

this could translate into improved dividend policies, operational optimization, and enhanced quality and portfolio management. The potential stagnation and lack of transition could be problematic, as highlighted by an analyst's comment suggesting that splitting Equinor might “send the oil & gas business into the sunset.” The authors believe that the potential benefits from a spin-off, such as better capital allocation, focused leadership, and operational excellence, could be well-suited for Equinor. (Dittmar & Shivdasani, 2003; Gertner et al., 2002; Krause et al., 2021; Pearce II & Patel, 2022). Without drawing any conclusions, it can be said that the potential for a spin-off exists. From the theoretical framework and literature research, a spin-off emerges as the most relevant for Equinor and the problem statement. This is because there is no cash transaction involved, and the focus is on the strategic aspects for each part rather than short-term financial incentives. However, this does not mean that we exclude other types of divestments that can be seen in Figure 3, but the focus of this study has not been to compare different divestment methods against each other, as that falls outside the scope of the thesis.

The potential benefits of a spin-off do not necessarily imply that Equinor, as a consolidated entity, is less suited in relation to the research question posed herein. The literature offers mixed views on whether IOCs are advantageously positioned for a transition. This variation likely stems from the different time perspectives employed in these evaluations, necessitating deeper exploration of the underlying reasons before drawing any definitive conclusions. Regardless of whether the outcome is positive or negative, wind energy is acknowledged as the most transferable and scalable operation (Kirchmayer, 2020; Mailhol, 2022; Pickl, 2019; Yun Peng et al., 2019). Equinor also aligns with other favorable factors, such as high investment capital and global presence (Elsen, 2020).

Nevertheless, Equinor does not score the highest among the majors regarding transition capabilities (Shaw & Donovan, 2019), and ranks below average in the larger sample studied by Lestan and Kubasova (2022). Negative factors include a lack of hydro power plants and biofuel production, and a poor response to external opportunities and challenges. However, its strength in internal transition, which could become more significant in the long term, is noted. This is corroborated by other studies that suggest Equinor stands out positively in terms of internal sustainability and organizational culture, although it is rated poorly in handling external pressures (Crichton et al., 2024). With an average score and strong internal development, along with widespread agreement that IOCs have not yet fully embarked on a transition, we argue that Equinor cannot be dismissed as a candidate for a successful transition.

It is important to emphasize that being considered a candidate for a successful transition is relative to other oil companies and does not necessarily mean that transitioning in this manner is the optimal solution. Moreover, evaluating Equinor's competitive stance is crucial, as a weak position in the transition could suggest that alternative strategies need to be explored.

This suggests that a closer examination of the transition concept itself is warranted. The transformation is described as prolonged and challenging (Lu et al., 2019), with potential disruptions (Zhong & Bazilian, 2018), and high demands for balancing operations (Yun Peng et al., 2019). Furthermore, timing is highlighted as one of the most crucial factors for success (Coelho, 2019; Fattouh et al., 2019; Okereke & Russel, 2010). Recommendations for addressing these challenges include a cautious approach (Yun Peng et al., 2019), being open to multiple alternatives (Fattouh et al., 2019), adapting to changes in government policies (Coelho, 2019; Lu et al., 2019), and avoiding drastic changes. We identify several challenges with such a solution, including the risk of over-diversified portfolios, reduced industrial focus, and lower competitiveness. Major players are starting to emerge in the renewable energy sector (Halttunen et al., 2023), necessitating a committed and strategic approach by IOCs. It is no longer sufficient for IOCs to diversify efforts across multiple markets merely as a hedging strategy, as such an approach risks them of being outcompeted. Instead, to thrive during the energy transition, IOCs must focus on outperforming not only each other but also these emerging forces in renewable energy.

Equinor emerges positively here, with its strong focus on wind energy within the renewable sector. It appears that Equinor's strategy may avoid over-diversification. Analysts who responded to the survey tended to agree that Equinor can compete in both the oil and gas and renewable sectors simultaneously. The responses might have been different if their renewable division were more diversified.

Until now, the discussion has considered the opportunities of a spin-off and Equinor's ability to transition, both of which are critical to the research question. However, what is even more crucial is the potential for a renewable unit to stand alone. The entire premise of the research question may depend on this, as a renewable division that cannot sustain competitive viability is destined to fail.

The standalone pricing of a potential renewable energy company is of essence. For a growth company, a solid valuation is advantageous as it facilitates more favorable financing for future projects and potential acquisitions. The literature indicates that ESG factors are becoming

increasingly important and now influence the valuation of companies across various sectors (Deloitte, 2021; PwC, 2021). It is also argued that Equinor does not benefit from ESG advantages (Græe & Magnussøn, 2020). This could suggest that an independent renewable unit might achieve a more attractive valuation than it currently does as part of an integrated oil and gas company. Analysts are either neutral or negative about the assertion that a renewable unit would hold significant value compared to other renewable energy companies. These views are not necessarily contradictory, as analysts may be considering competitiveness and other factors beyond simply the ESG advantage. Analysts predominantly agree that a spin-off would create a clearer investment case, and the literature frequently mentions that investors might prefer to diversify themselves and often favor pure-play firms (Owers & Sergi, 2021). The concept of a spin-off appears to have several positive effects, yet the question remains whether these effects can surpass what the renewable segment accomplishes as part of Equinor.

Two studies in the selected literature focus on the performance and capabilities of renewable energy companies. Despite good financial health, it is emphasized that high capital expenditure can pose challenges, a potential issue highlighted in discussions about Ørsted (Balliu, 2022). Furthermore, it emerges that the largest renewable energy companies tend to perform the best (Morina et al., 2021). Combined with open responses from analysts suggesting that Equinor Renewable may be too small, and that it needs to reach a mature size before a split, one of the advantages of being part of Equinor is evident. Having a robust company can provide increased flexibility and stability for a growing unit. This aligns well with findings that a potential conglomerate discount is reduced in volatile capital markets (Khorana et al., 2011). Being part of a unified Equinor can ensure the financing of projects.

There is literature that assesses Equinor's ability to transition as successfully as Ørsted, with a specific focus on comparing their wind portfolios. It reveals that Equinor does not have the same opportunities as Ørsted, which may hinder its transition success (Græe & Magnussøn, 2020). Since Equinor is not targeting a similar type of transition, this assessment does not markedly affect the view of Equinor's overall transition capability. Nonetheless, it is significantly relevant for a potential independent renewable unit. This evaluation raises questions about the competitiveness of Equinor's wind segment and adds to the uncertainty surrounding the capacity of Equinor Renewables to stand alone.

Furthermore, additional results can provide insights into Equinor Renewables' ability to operate independently, although some findings may seem contradictory. Capital flexibility, a notable

advantage of a successful conglomerate, is highlighted as one of Equinor's strengths in the study by Græe and Magnussøn (2020). However, they also argue that Equinor's ESG status limits its access to certain external investments, suggesting that a spin-off could facilitate access to resources such as green bonds. While this could complicate the financing of renewables with oil and gas revenues, the support from the Norwegian government, as noted by Græe and Magnussøn, might secure the financial viability of a spin-off unit. This and several other studies highlight Equinor's dependency on subsidies and assured demand from the EU and various governments (Coelho, 2019; Græe & Magnussøn, 2020; Morina et al., 2021; Rendtorff, 2023; Sadorsky, 2012). Without delving too deeply into political factors, the recently mentioned arguments and the Norwegian government's ownership in Equinor suggest that the issue is largely influenced by political decisions. We can agree with Græe and Magnussøn (2020), who doubt that the Norwegian government wants to remain the majority shareholder in a pure oil and gas company. Analysts are divided on whether Equinor Renewables would be better positioned to leverage public support schemes, yet most agree that a renewable unit would face difficulties in financing larger projects. This indicates that the Norwegian government might need to play a more significant role in financing these projects in the absence of cash flow from oil and gas.

Research assessing conglomerates offers valuable insights for evaluating a split. The authors have found it challenging to estimate a potential conglomerate discount for Equinor, as the results refer to general figures, but they have considered various perspectives in relation to the case. It emerges that smaller segments within a conglomerate often experience lower efficiency, while larger parts tend to have the opposite effect (Maksimovic & Phillips, 2002). At Equinor, the renewable division is small, and even with a strategy aimed at future growth in this segment, it may suffer from being overshadowed by larger segments. Additionally, an interesting perspective shows that internal capital markets do not reduce reliance on external capital markets (Comment & Jarrell, 1995). For Equinor, renewable projects cannot be indefinitely financed by oil and gas revenues, so early utilization of external markets for the segment might strengthen its competitiveness.

A conglomerate discount on the Equinor share price is not guaranteed, as some studies, including Lamont and Polk (2002), do not document any discount. Certain studies explore what influences the discount, such as governance choices. According to Singh et al. (2004), governance and ownership must evolve to adapt to strategic shifts. This suggests that a potential discount may not necessarily be relevant for Equinor, but there is some indication of it when

Equinor received its lowest score in assessing transition opportunities specifically in governance (Shaw & Donovan, 2019).

All assessments so far ultimately focus on whether the renewable division is prioritized, whether Equinor Renewables can operate independently, and whether renewables alone offer more benefits than those realized within a unified Equinor. Given that Equinor's capability to operate independently could significantly influence the outcome of the research question, we have considered various solutions. One approach is to combine a spin-off with a merger, using a dedicated renewable energy company to ensure size and other advantages that renewables experience within Equinor, while also benefitting from a focused pure-play entity. Without committing to a specific option in terms of synergies, there are several potential partners in Europe, such as Ørsted, Statkraft and SSE.

Equinor's renewable unit is not entangled in a complex value chain, as previously shown in Section 2.2.7. and Figure 2. This suggests a potential for other renewable companies to assess strategic fit and the ability for a streamlined spin-off. Drawing on M&A theory, the authors also see the possibility that a merger with a renewable company not only complements Equinor Renewable but also enhances it with scale, considering they have similar segments with comparable firm characteristics (Johnson et al., 2017). The idea that the renewable unit is not tied up in a complex value chain also leads to a higher likelihood of a streamlined spin-off, with necessary knowledge transfer to ensure that synergies are not lost.

7. Conclusion

The thesis concludes that a demerger of Equinor has the potential to increase the sum of the parts of Equinor in the long term. This conclusion is based on the assessment that the renewable unit is not a core business at Equinor. While we do not criticize Equinor's transition opportunity relative to other IOCs, we question whether the IOC transition is the most effective way to maximize value creation for both the fossil and renewable sectors. The transition for IOCs appears prolonged and challenging, often characterized by a cautious approach. This does not seem ideal for a growth-oriented division like renewables. We identify benefits such as increased focus, enhanced efficiency, and improved access to external financing through a spin-off.

Reasons to continue without a demerger include securing the future of the renewable division, particularly in light of identified weaknesses in the wind portfolio and potential future financial downturns. As part of Equinor, valuable knowledge transfer to offshore wind projects is also ensured. Without these advantages, it is difficult to conclude that Equinor Renewables could stand solidly on its own without relying on support from the Norwegian Government, which currently is the majority shareholder. A potential solution could involve a merger with a renewable energy company such as Ørsted, SSE, or Statkraft, in conjunction with a spin-off. This strategy would preserve benefits such as ESG pricing, pure-play status, and tailored capital market utilization for renewable companies.

Another supporting reason for this conclusion is that a split would not only benefit the renewable division but also allow the remaining segments of Equinor to facilitate a sharper focus on operations. This could enable them to successfully navigate and adapt to the concluding phases of the oil and gas segment.

7.1. Limitations and Future research

The literature review in this study may reflect biases in scope and selection, influenced by the authors' backgrounds, potentially affecting the choice and interpretation of sources. Additionally, the exclusion of sources that are not accessible could limit the comprehensiveness of the study. The survey's anonymity might have encouraged honest responses but also prevented the verification of respondents' expertise, a significant concern given the limited

sample size. These limitations suggest that the findings might not fully capture diverse expert opinions and could vary if conducted by different researchers or with a broader participant base. Such limitations, along with the defined scope and boundaries of the study, restrict our ability to draw definitive conclusions. Therefore, we only suggest a potential solution, rather than confirming an optimal one.

This opens up significant potential for future research that could explore aspects not covered in the current method and evaluation. Our study has identified strategic potential that could be further developed. Building on the findings of this study, future research could attempt to quantify the various implications presented here. Such efforts could lead to more precise conclusions within the scope of the research question and problem statement. To achieve this, future studies would need to employ analyses not conducted in this study, such as financial and political analyses. For example, this could include assessing the effectiveness of an enhanced ESG evaluation at Equinor Renewables.

7.2. Declaration Statement: Utilizing Artificial Intelligence

In compliance with the guidelines established by the Faculty of Science and Technology at NMBU (NMBU, 2024), this thesis incorporates the artificial intelligence provider ChatGPT 4, as a tool to aid in various aspects of the research process (OpenAI, 2024). The integration of AI in this academic work follows strictly to the ethical use protocols mandated by the university.

The application of ChatGPT 4 was primarily in the realms of grammar checking, refining the thesis structure, including the development of headings for sorting results, and condensing the abstracts into one- or two-sentence summaries in the master document of the literature review, as documented in Appendix A. In line with the university's directives, the usage of ChatGPT 4 has been transparently documented where applicable. This approach aligns with academic integrity standards and illustrates a responsible and informed use of AI in scholarly research, ensuring that the thesis remains a product of our own work.

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Appendices

In this chapter, the appendices are presented, serving as a detailed supplementary for this thesis, and include two main sections essential for understanding the background and data of the study. Appendix A contains the full literature review, which reviews relevant research and frameworks that inform the basis of this thesis. Appendix B presents the complete survey conducted for this research, detailing the questions asked and the results gathered. These sections are included to provide clear and comprehensive support for the research findings and to ensure the study's methods are transparent.

Appendix A: Comprehensive Literature Review

This appendix presents the spreadsheet for the collection of literature for the literature review in this thesis, structured into an accessible format. The literature is categorized by Final Assessment, Author, Literature Type, Title, Theme, Main Findings, Year, and Location, with each entry assigned a unique number. The main findings have been summarized with the aid of the AI tool ChatGPT 4, based on the abstracts, to showcase the main findings. The analysis was conducted by reading the abstracts independently of the AI-generated summaries. In Figure 7, the color-coded categories represent each “Drop”, referring to filters three, four, and five from Figure 5.

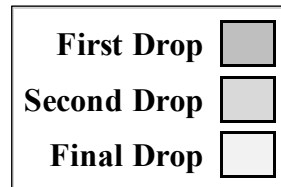


Figure 7 - Color-coding of each drop in the extensive literature study.

56										
Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
	1	Feik	Book	To evaluate demergers as a strategic objective	Demerger reasons				x	
x	2	Kotzen, Stellmaszek, Gell, Friedman, Valluru	Journal article	Creating Superior Value Through Spin-Offs	Demerger reasons, Spin Off	Spin-offs frequently outperform the market in creating shareholder value, but their long-term success hinges on strategic planning and careful execution.	2016	USA		
	3	Kolev	Article	To Divest or not to Divest: A Meta-Analysis of the Antecedents of Corporate Divestitures	Demerger reasons	The meta-analysis synthesizes divestiture antecedents into four categories—corporate governance, firm strategy, performance, and industry environment—finding that divestitures are primarily influenced by prior experience, firm size, diversification, and unit performance.			x	

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
X	4	Pearce II, Patel	Article	Reaping the financial and strategic benefits of a divestiture by spin-off	Demerger reasons, Spin Off	The comprehensive review of three decades of research reveals that spin-offs typically benefit the parent firm, the subsidiary, and shareholders, particularly due to tax advantages and strategic refocusing post-divestiture.	2022	USA		
X	5	Thakkar, Kjaer, Boyers, Logfield, Bott	Interview	Creating value through demergers	Demerger reasons	Corporate demergers are increasingly driven by shareholders' quest for higher returns in a low-yield environment, with strategic portfolio refinement and market conditions creating optimal divestiture opportunities for enhanced shareholder value.	2018	UK		
X	6	Krause, Luu, Uhlener, West	Thesis	Achieving win-win spin-offs	Demerger reasons, Spin Off	In spin-off transactions, both the parent company and the spun-off subsidiary can experience enhanced performance and growth, with success hinging on swift growth transitions, operational excellence, focused leadership, and culture and talent strategies.	2021	Germany/USA		
	8	Denton, De Cock	Article	3M and Imation: Demerger as a Source of Innovation	Demerger reasons, Organizational, Case	This case study details 3M's strategic decision to demerge its data storage and imaging businesses into Imation, focusing on the European perspective, particularly the UK, and explores the structural and cultural challenges encountered, alongside assessing the outcomes for the new entity.	1997	UK	X	
X	9	Kirchmayer	Article	Plateauing Energy Demand and the Rise of Renewables: Energy Transition and Corporate Strategy of Oil & Gas Companies	Demerger reasons, Future of oil company, Renewable business case	The study evaluates International Oil Companies' (IOCs) responses to the potential 64% decline in fossil fuel demand by 2050 due to increasing renewables, identifying varied strategic responses and the necessity for agility, overcoming inertia, and capability development to navigate the energy transition.	2019	Portugal		
	10	Upadhyay	Article	Arvind Ltd: Can Hiving off Be a Growth Strategy?	Demerger reasons, Case	The case analysis of Arvind Ltd.'s demerger reveals significant insights into valuation, promoter holdings, and shareholding patterns, demonstrating the strategic role of demergers in corporate restructuring and their potential to enhance shareholder wealth.	2024	India		X

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
	11	Michelotto	Article	Unlocking value creation through spin-offs: the Electrolux case	Demerger reasons, Spin Off, Case	The dissertation finds that the Electrolux spin-off of Electrolux Professional significantly enhanced shareholder value and improved operating performance, demonstrating the strategic benefits of corporate spin-offs.	2022	Italy	X	
	12	Fjellström, Gustavsson	Article	Exploring the demerger process	Demerger reasons, Case	The study reveals that demergers, less explored compared to M&As, undergo a structured process similar to mergers, involving pre-demerger, execution, and post-demerger phases, highlighting critical factors like planning, leadership, communication, and capability creation, and advising future research to further investigate these interconnected phases.	2015	Sweden		X
	13	Cherepovitsyn, Rutenko	Article	Strategic Planning of Oil and Gas Companies: The Decarbonization Transition	Corporate Strategy, Future of oil companies	The study outlines strategies for oil and gas firms to adapt to renewable energy shifts, focusing on decarbonization, strategic planning enhancement for sustainability, and a climate adaptation strategy example for a Russian company, emphasizing the necessity of navigating the global energy transition effectively.	2022	Russia	X	
X	14	Elsen	Article	The Energy Transition: Impact on the factors shaping International Oil Companies strategy	Corporate Strategy, Future of oil companies, Renewable market, Case	The study maps how the energy transition impacts the business strategies of International Oil Companies (IOCs), finding fluctuations in strategic factors and identifying six new energy transition-related factors, emphasizing the critical role of IOCs in the transition's success and the need for collaboration and strategic adaptation to renewable investments.	2020	Netherlands		
	15	Khurana, Gupta	Article	Effectiveness of demerger as a tool for wealth creation	Demerger performance	The study explores the effectiveness of demergers as a business restructuring strategy in enhancing shareholder wealth, profitability, and net worth, by examining various demergers in India through convenience sampling to assess changes from pre- to post-demerger periods.	2013	India	X	
X	16	Owers, Sergi	Article	The ongoing contributions of spin-off research and practice to understanding corporate restructuring and wealth creation: \$100 billion in 1 decade	Demerger performance, Spin off	The paper analyzes the financial impact of spin-off restructuring, reviewing 249 US spin-offs from 2007-2017, and finds that these transactions consistently generate significant positive abnormal returns for divesting firms, evidencing sustained value creation, with a total monetary benefit of almost \$100 billion for shareholders in the examined period.	2021	USA		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
	17	Tübke	Book	Success Factors of Corporate Spin-Offs	Spin Off	Corporate spin-offs, less scrutinized than mergers and acquisitions, are emerging as a significant yet underappreciated driver of new, knowledge-based firms, representing entrepreneurial opportunities in an evolving global economy.	2004	USA/Netherlands	X	
X	18	Gertner, Powers, Scharfstein	Article	Learning about Internal Capital Markets from Corporate Spin-offs	Spin Off	Corporate spin-offs tend to improve capital allocation efficiency, with firms adjusting their investment behavior post-spin-off to align more closely with industry-specific investment opportunities, especially for divisions unrelated to their parent company and when stock market reactions are favorable.	2002	USA		
	19	Chemmanur, Yan	Article	A Theory of Corporate spin-offs	Spin Off, How to execute a demerger	Spin-offs can lead to performance and value improvements by increasing the likelihood of a management change, prompting incumbents to improve management efforts or yield control to more capable rivals, which results in positive market reactions and long-term operational and stock performance gains, especially in certain categories of spin-offs.	2001	USA		X
X	20	Hagedoorn, Lokshin, Malo	Article	Alliances and the innovation performance of corporate and public research spin-off firms	Spin Off	Spin-off firms from corporations enhance their innovation performance through alliances, especially with large firms, leveraging their corporate background, whereas public research spin-offs do not experience the same benefit and may in fact see reduced innovation performance from alliances with small- and medium-sized firms.	2018	Netherlands/France		
X	21	Veld, Veld-Merkoulova	Article	Value creation through spin-offs: A review of the empirical evidence	Demerger reasons, Spin Off	Spin-off announcements generally result in a 3.02% average abnormal stock return, influenced by size, tax and regulatory factors, and industrial focus, with recent refined analyses not supporting long-term outperformance.	2009	United Kingdom		
X	22	Khorana, Shivdasani, Stendevad, Sanzhar	Article	Spin-offs: Tackling the Conglomerate Discount	Demerger reasons, Spin Off, Pure play	Spin-offs and restructuring in 2011 have surged as strategies to combat the prevalent conglomerate discount and enhance corporate value, with such actions resulting in notable short and long-term share price gains, especially for conglomerates with unrelated business segments.	2011	USA		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
	23	Brune, Harder, Klingenberg	Article	Critical Analysis of Shareholder Benefits from Spin-Offs and Carve-Outs of Carbon-Intensive Businesses: A Study of the Energy Industry	Demerger reasons, Spin Off, Future oil companies, Renewable valuation, Pure play, Case study	The divestment of carbon-intensive businesses by German utilities E.ON-Uniper and RWE-Innogy, amid the energy trilemma, has enhanced shareholder value and corporate performance without evidence of improved ESG ratings, suggesting such strategic moves may create value despite complex environmental, security, and affordability challenges.	2023	Germany/Czechia		
X	24	Veld, Veld-Merkoulova	Article	Do spin-offs really create value? The European case	Demerger reasons, Spin Off, Pure play	The study of 156 European spin-offs between 1987 and 2000 shows a 2.62% cumulative average abnormal return around the announcement, which slightly increases for completed spin-offs, especially those enhancing industrial focus (3.57% vs. 0.76% for non-focus increasing firms), aligning with US findings; however, unlike in the US, European spin-offs do not exhibit long-term superior performance.	2004	United Kingdom		
	25	Shiva Ramu	Book	Restructuring and Break-ups: Corporate Growth through Divestitures, Spin-offs, Split-ups and Swaps	Demerger reasons, Spin Off, Corporate Strategy	Corporate restructuring emerged as a remedy to the underperformance and overdiversification of conglomerates, with developed countries tending towards spin-offs for strategic focus and developing nations, particularly India, observing break-ups influenced by family equity distribution and enforced by financial institutions, highlighting a shift towards equity carve-outs and organizational restructuring for efficiency and improved capital returns.	1999	India	X	
	26	Bhana	Article	Performance of Corporate restructurings through Spin-offs: Evidence from JSE-listed companies	Demerger reasons, Spin Off, Pure play	The study concludes that spin-offs generally lead to improved operating performance and value creation for both the parent and the spun-off units, with related subsidiaries outperforming unrelated ones, and both experiencing significant positive abnormal returns for up to three years post-announcement, suggesting that further spin-offs could benefit South African holding companies by unlocking shareholder value.	2004	South Africa	X	
X	27	Chai, Lin, Veld	Article	Value-creation through spin-offs: Australian evidence	Demerger reasons, Spin Off, Pure play	Australian stock exchange-listed company spin-offs result in a significant positive announcement effect of 2.93% with no distinction between completed and non-completed spin-offs, and a positive long-term excess stock performance, particularly for spin-offs that increase business focus.	2017	Australia		
X	28	Linn, Rozeff	Article	The Effect of Voluntary Spin-Offs on Stock Prices: The Agency Hypothesis	Demerger reasons, Spin Off, Pure play	The study delves into corporate spin-offs, examining their institutional details, underlying theories, and event impacts, while also considering companies' stated motives, revealing that the presence of anergies—opposite to synergies—may significantly contribute to the decision to undertake spin-offs.	2006	USA		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
X	29	Burch, Nanda	Article	Divisional diversity and the conglomerate discount: evidence from spinoffs	Spin Off, Pure play	The study examines the impact of investment opportunity disparities within diversified firms on firm value, revealing that spin-offs can enhance overall value by reducing diversity, supporting the idea that diversification discounts may indeed result from the inherent costs of being diversified.	2000	USA		
X	30	Qadir, Al-Motairi, Tahir, Al-Fagih	Article	Incentives and strategies for financing the renewable energy transition: A review	Future of oil company, Investment case renewable	The study highlights financing as a significant barrier to the transition to renewable energy (RET), despite the effectiveness of targeted incentives and strategies in promoting renewable energy (RE) projects. It emphasizes the importance of enhancing public awareness about RE benefits and addressing misconceptions about installation and operational costs to encourage investments in RE.	2021	Kuwait		
	31	Mthimkhulu	Article	Diversification, refocusing and corporate performance: a case study of Delta Corporation Limited	Demerger reasons, Pure play	The thesis analyzes Delta Corporation Limited's refocus on its core business after spinning off non-core units, revealing that the company underperformed as a diversified conglomerate yet outperformed market and industry benchmarks post-refocusing, supporting the view that conglomerates may not be optimal for shareholder returns, though they can be a strategic necessity in developing economies with market imperfections.	2009	South Africa		
X	33	Crichton, Shrivastava, Walker, Farhidi, Renwick, Ellegate	Article	Going green in the Norwegian fossil fuel sector? The case of sustainability culture at Equinor	Future of oil company, Case, Organizational	The main findings of this study indicate that cultivating a sustainability-oriented organisational culture, driven by responsible leadership and reinforced by a national sustainability ethos, can significantly redirect fossil fuel companies towards adopting greener strategies. However, the effectiveness of these internal cultural shifts may be constrained by external pressures and practices such as greenwashing.	2024	Germany		
X	34	Li, Trencher, Asuka	Article	The clean energy claims of BP, Chevron, ExxonMobil and Shell: A mismatch between discourse, actions and investments	Future of oil company, Greenwashing	The study finds that despite an increase in climate change and clean energy discourse by major oil companies, particularly BP and Shell, there is a significant gap between their stated decarbonization strategies and actual investments in clean energy. This misalignment, alongside continued reliance on fossil fuels, suggests that claims of transitioning to cleaner energy models may amount to greenwashing, as tangible actions and investments lag behind public statements.	2022	Japan		
X	35	Kirchmaier	Article	The Performance Effects of European Demergers	Demerger performance	European demergers yield significant security price reactions at announcement and positive long-term value creation for spin-offs, especially in the second year post-demerger, with size inversely affecting performance and takeovers showing no impact.	2003	United Kingdom		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
	36	van Beurden	Article	Royal Dutch Shell in a Changing World: Navigating Uncertainty	Future of oil company	Ben van Beurden, CEO of Royal Dutch Shell, highlights the company's adaptation to a lower-carbon future, focusing on the strategic acquisition of BG Group to enhance Shell's LNG and deepwater capabilities. He underscores Shell's shift towards a more agile and simpler organization, leveraging its historical strengths and innovation to thrive in a changing energy landscape.	2017	Netherlands	X	
	37	Ghosh	Article	Gaining Synergy by Spinning Off	Demerger performance	The paper critiques corporate restructuring as strategic realignment rather than fundamental change, focusing on demergers—like split-ups, divestments, split-offs, or spin-offs—as a mode to downsize and enhance core competencies for growth and efficiency in a competitive landscape, assessing the financial impact on an Indian company using traditional and contemporary analytical tools.	2014	India	X	
X	38	Trencher, Blondeel, Asuka	Article	Do all roads lead to Paris?	Future of oil company, Greenwashing	The study finds that major oil companies' net-zero strategies heavily rely on carbon offsets, which mainly consist of emissions-avoidance projects with dubious climate benefits, rather than direct carbon removal. This approach, combined with the absence of significant actions to reduce fossil fuel reliance, suggests that their net-zero claims may be more indicative of greenwashing than of genuine decarbonization efforts.	2023	Netherlands/Japan		
	39	Li, Zhu, Lu	Article	A case study in strategic sustainability: British Petroleum (BP) Company	Future of oil company, Case	The analysis identifies BP's strategic approach to sustainability, highlighting the implementation of an eight-step incremental change process. This process aims to enhance BP's sustainability through clear vision setting, assessing current sustainability situations, initiating change programs, and aligning organizational systems with sustainability goals.	2014	China	X	
X	40	Okereke, Russel	Article	Regulatory Pressure and Competitive Dynamics: Carbon Management Strategies of UK Energy-Intensive Companies	Future of oil company, Investment case renewable	The analysis concludes that while market forces significantly influence corporate behavior, substantial government regulation is essential to drive radical climate action among businesses. The interplay between regulatory frameworks and profitability shapes carbon management strategies, with some companies gaining competitive advantages through adaptation. However, the study also notes that political lobbying by businesses often leads to complex and weak climate policies, suggesting a need for a robust regulatory environment to foster more substantial and far-reaching corporate climate strategies.	2010	USA		
	41	Kolk, Levy	Article	Winds of Change: Corporate Strategy, Climate Change and Oil Multinationals	Future of oil company, Strategy, Case	The article finds a significant shift in the oil industry's stance on climate change, with companies like BP and Shell actively supporting emissions reductions and renewable energy investments, contrasting with ExxonMobil's continued resistance. These divergent corporate climate strategies are attributed to unique company-specific factors and the impact of ongoing stakeholder pressures.	2001	USA /Netherland	X	

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
	42	Oom, Silva	Article	Royal Dutch Shell PLC: Balancing oil with energy transition	Future of oil company, finance, Valuation, Case	This Equity Research aims to value Royal Dutch Shell, a major Oil & Gas company, as of December 2020. The valuation integrates both the current and future prospects for the industry, incorporating expected energy transition features and how these will change Shell's value creation process. A Discounted Cash Flow valuation is performed, using Weighted Average Cost of Capital as the discount factor. These results, together with a multiples analysis, suggest that Shell is undervalued, which creates an investment opportunity.	2020	Portugal		
	43	Kaukoranta	Article	Managing the energy transition in established organizations towards a low-carbon future : case Royal Dutch Shell	Future of oil company, Case	The thesis finds that natural gas and innovations like CCS technology are central to the energy sector's transition, with renewables still underrepresented. It underscores the role of strategic, responsible actions by established firms in driving the transition, despite current delays and the complex interplay of external and internal factors.	2019	Finland		
	44	Rodier	Article	Large corporate demergers. Recent Australian experience (2000–2019) and its implications	Demerger performance	Significant variability in shareholder value post-demerger, poor compliance with accounting standards resulting in misleading financial representations, and inadequacies in the regulatory framework for managing demerger conflicts of interest, with recommendations for enhanced transparency and director accountability.	2022	Australia	X	
	45	J.P.Morgan	Article	The ESG landscape in Europe Investment trends 2022	Investment case Renewable, Valuation	European ESG investing is well-established with over 20% allocations, driven by client demand and shifting towards thematic, impact strategies, and diverse asset solutions, including increased use of ETFs and alternatives.	2022	USA		
X	46	Masom	Article	The Future for Oil & Gas Majors: Activity in the Low Carbon Space & Market Reactions	Future of oil company, Valuation, Finance	The paper reveals that while greenhouse gas emissions among oil and gas majors are beginning to decrease, their strategies towards achieving net-zero targets vary in effectiveness, with U.S. companies like ExxonMobil and Chevron lagging behind European peers such as Shell, BP, and TotalEnergies in diversifying into renewable energy technologies. Additionally, the study suggests that investments in low-carbon initiatives do not significantly impact these companies' market valuations.	2023	USA		
X	47	Mailhol	Article	A study of oil and gas companies and their strategies regarding energy transition	Future of oil company, Strategy, Case	The thesis identifies reputational, structural, expertise, capital, and incentives as the five main factors influencing oil and gas companies Equinor and TotalEnergies to shift their strategies towards energy transition. It highlights the importance of both firm-specific and country-specific advantages in shaping these strategies, demonstrating their intertwined effects on corporate responses to climate change and energy transition.	2022	Norway		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
	48	Manley, Heller	Article	Risky Bet: National Oil Companies in the Energy Transition	Future of oil company, Renewable market	The study highlights the significant risk to National Oil Companies (NOCs) from a rapid energy transition, with potential unprofitable investments exceeding \$400 billion if fossil fuel demand falls to meet Paris Agreement targets. It identifies China, Russia, and India as the most exposed, urging governments to reassess NOC investment strategies to mitigate these risks.	2021	USA		X
X	49	Fattouh, Poudineh, West	Article	The rise of renewables and energy transition: what adaptation strategy exists for oil companies and oil-exporting countries?	Future of oil company, Renewable market, Strategy	The study suggests oil companies should adopt flexible strategies that integrate both hydrocarbon and renewable assets due to the uncertain pace of global energy transition. It also highlights the importance of economic diversification for oil-exporting countries as a long-term strategy to mitigate the impacts of the transition, with their success potentially influencing the transition's speed.	2019	UK / USA		
X	50	PwC	Journal article	Quantifying ESG strengthens valuations in mergers and acquisitions	Investment case renewable, Renewable valuation	ESG factors are integral to company valuations, affecting cash flows, cost of capital, and leading to both value creation and risk reduction, with growing mainstream acceptance and incorporation into financial valuations and transactions.	2021	Netherlands		
X	51	Yun, Jia, JieXin	Article	International Oil Companies' Low-Carbon Strategies: Confronting the Challenges and Opportunities of Global Energy Transition	Future of oil company, Renewable market, Strategy	International Oil Companies are adapting to the energy transition through strategies such as increasing gas production and investing in renewables, amidst the challenge of balancing these with traditional oil and gas operations. They face the dilemma of capital allocation and the risk of either missing out on early opportunities in renewables or prematurely shifting away from their core oil and gas business.	2019	China		
X	52	Deloitte	Journal article	The growing importance of ESG in Mergers and Acquisitions	Investment case renewable, Renewable valuation	ESG considerations are crucial in M&A, impacting company value and driving transactions, with Deloitte advising on integrating ESG strategies for value identification, risk assessment, and ensuring post-deal effectiveness.	2021	United Kingdom		
	53	Alsford	Journal article	Trends for the Next Decade of Sustainable Investing	Investment case renewable, Renewable valuation	Sustainable investing strategies are diversifying across assets and themes, influenced by Millennial investors, with the net-zero transition reshaping land use for renewables and nature-based solutions, amid a global increase in regulations and standards affecting corporate practices and data transparency.	2023	USA		X

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
X	54	Csomós	Article	Relationship between Large Oil Companies and the Renewable Energy Sector	Future of oil company, Greenwashing, Strategy	The study reveals diverse approaches to renewable energy investments among Supermajors, from ExxonMobil's reluctance due to low returns to Total's significant engagement in the renewable sector. Despite the global push for energy transition, the primary focus of most large oil companies remains on fossil fuels, driven by the immediate profitability imperative.	2015	Hungary		
	55	Darmani, Arvidsson, Hidalgo, Albors	Article	What drives the development of renewable energy technologies? Toward a typology for the systemic drivers	Investment case renewable, Renewable marked	Government initiatives and energy companies' recognition of business opportunities are key to increasing renewable energy market share, influenced by various factors within a technological innovation system (TIS) framework, leading to a validated typology of Renewable Energy Technologies (RETs) drivers across eight European countries, highlighting diverse multilateral drivers and country-specific patterns.	2014	Sweden/Spain		
X	56	Halttunen, Sladea, Staffella	Article	Diversify or die: Strategy options for oil majors in the sustainable energy transition	Future of oil company, Strategy, Renewable Marked	The study highlights a strategic dilemma for International Oil Companies (IOCs) between diversifying into renewables and focusing on fossil fuels, identifying significant gaps in their readiness for the energy transition. Despite potential for positive contributions to the energy transition, the current efforts of IOCs are deemed inadequate to meet global climate goals.	2023	UK		
	57	Charneca	Article	How consumers perceive the impact of sustainable strategies in Energy Companies : British Petroleum case	Investment case renewable	Implementing sustainable strategies in energy companies fosters consumer trust and loyalty, encouraging preference for sustainable over non-sustainable competitors, with education and age showing no significant correlation to environmental awareness or willingness to pay. However, price remains a crucial factor for consumers, even in light of British Petroleum's net-zero carbon emissions goal, which positively altered both client and non-client perceptions, underscoring the necessity of sustainable practices for meeting consumer expectations and environmental objectives.	2020	Portugal		X
X	58	Hawkes, Muûls, Hamilton	Article	Big oil and the energy transition: Evidence from M&A	Future of oil company, Strategy, Renewable Marked	The research finds that International Oil Companies (IOCs) primarily view renewable energy investments as non-core and are focused on innovation within this sector. It suggests that policies promoting exposure to long-term market risks over regulated returns could motivate IOCs to more actively invest in low carbon energy, highlighting the need for tailored policy frameworks to encourage IOC engagement in the energy transition.	2023	UK		
X	59	Pickl	Article	The renewable energy strategies of oil majors – From oil to energy?	Future of oil company, Renewable market, Strategy	The study categorizes oil majors into renewable leaders or laggards based on their investments in renewable energy, revealing that five out of eight majors are transitioning towards becoming broader energy companies. It highlights a strong link between the majors' proved oil reserves and their renewable strategies, suggesting that those with fewer reserves are moving into renewables more aggressively to diversify and stabilize their portfolios.	2019	Saudi Arabia		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
X	60	Shaw, Donovan	Article	Assessing the Preparedness of Major Oil and Gas Companies for a Low-Carbon Energy Transition	Future of oil company, Renewable market, Strategy	The study introduces a methodology for evaluating major international oil and gas companies' preparedness for the transition to low-carbon energy, focusing on portfolio exposure, R&D, diversification, and engagement in low-carbon activities. It finds significant differences in preparedness levels between European companies and their North American counterparts, with European firms being more advanced in their strategic responses to the transition.	2019	UK		
X	61	Franco	Article	Big Oil facing energy transition: implications, corporate strategies and role as incumbent regime companies	Future of oil company, Greenwashing, Strategy	The study uncovers a "Transatlantic divide" among Big Oil companies in their approach to the energy transition, with European firms being more proactive in environmental and low-carbon initiatives compared to their American counterparts. Despite a trend towards diversification into low-carbon technologies, the study highlights that traditional upstream investments in oil and gas still significantly outweigh expenditures on renewable energy across all companies.	2019	Netherlands		
	62	Zhou,Wilson, Caldecott	Article	The energy transition and changing financing costs	Finance, Strategy, Future of oil companies, Renewable market, Renewable valuation, Financial, Renewable marked	The study finds significant increases in financing costs for coal, highlighting investors' perception of coal as a higher-risk sector compared to renewables and other fossil fuels. While loan spreads for oil and gas have been relatively stable over the past decade, the cost of debt for coal mining and coal power has risen sharply, especially in developed markets. This indicates a shift in financial institutions' risk assessments, increasingly favoring renewable energy investments over traditional fossil fuels.	2021	UK		
X	63	Coelho	Article	The impact of energy transition in Integrated Oil Companies	Future of oil company, Renewable market, Strategy, Financial, Renewable marked	The paper concludes that Integrated Oil Companies (IOCs) should proceed cautiously with the energy transition, focusing on strategic planning and gradual portfolio adjustment rather than radical change, due to the higher profitability of oil and gas projects and prevailing consumer preferences for price and convenience. The immediate impact of the energy transition on IOCs is primarily on strategic planning, with the broader energy landscape changes presenting opportunities for IOCs to adapt and find new market opportunities.	2019	Portugal		
	64	Oom	Article	Royal Dutch Shell Plc : balancing Oil with energy transition Shell's businesses adapting to climate change	Renewable valuation	The valuation of Royal Dutch Shell as of December 2020, through a Discounted Cash Flow analysis and Weighted Average Cost of Capital, alongside a multiples analysis, indicates the company is undervalued, presenting an investment opportunity amidst expected industry transitions and future value creation changes.	2020	Portugal		X
X	65	Rezeca, Scholtensa	Article	Financing energy transformation: The role of renewable energy equity indices	Future of oil company, investment case renewable	The study indicates that renewable energy investments are not yet financially attractive for institutional investors, due to poor performance and higher risks compared to conventional energy investments. It emphasizes the need for comprehensive policy approaches that consider social and ethical dimensions to enhance institutional investment in renewables and support the energy transition.	2017	UK/Netherlands		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
X	66	Madsen, Ulhøi	Article	Sustainable visioning: Re-framing strategic vision to enable a sustainable corporate transformation	Future of oil company, Renewable market, Strategy, Renewable marked	The study highlights Ørsted's transition from fossil fuels to renewable energy, facilitated by sustainable visioning, which drove innovation, expanded the business portfolio, and enhanced the company's position in the sustainable development ecosystem. Sustainable visioning was pivotal in Ørsted's strategic shift towards green energy, demonstrating its effectiveness in guiding companies through significant transformations towards sustainability.	2020	Denmark		
X	67	Mitchell, Sigurjonsson, Kavadis, Wendt	Article	Green bonds and sustainable business models in Nordic energy companies	Renewable market, Strategy, Renewable valuation, Renewable marked	The study shows that Nordic energy companies overcame barriers to issuing green bonds by aligning their business models with sustainability, including environmental missions, green investments, and strong governance. This led to cycles that enhanced both environmental and economic value, highlighting the impact of sustainable financing on business practices.	2023	Denmark/Iceland		
X	68	Sadorsky	Article	Modeling renewable energy company risk	Renewable valuation, Renewable marked	The study investigates risk factors in the renewable energy sector, using a variable beta model, and finds that company sales growth reduces risk, whereas rising oil prices increase it. Positive, moderate oil price returns can be counterbalanced by sales growth, leading to lower systematic risk for renewable energy companies.	2012	Canada		
	69	Tuhkanena, Vulturius	Article	Are green bonds funding the transition? Investigating the link between companies' climate targets and green debt financing	Greenwashing	The study on European green bond issuers reveals a mismatch between climate targets and green bond frameworks, with deficiencies in post-issuance reporting, indicating limited pressure on issuers to pursue ambitious, science-based environmental goals. This points to the necessity for policies to minimize greenwashing risks and align the green bond market with planetary boundaries.	2020	Sweden	X	
X	70	Lu, Guo, Zhang	Article	Oil and gas companies' low-carbon emission transition to integrated energy companies	Future of oil company, Investment case renewable, Renewable market, Greenwashing	The study highlights that oil and gas companies are beginning to transition towards low-carbon emissions by focusing on natural gas, increasing investments in renewable energy, and utilizing their experience in geothermal energy. These actions are pivotal for transforming into integrated energy companies, with the study also providing policy recommendations to aid this transition.	2019	USA/China		
X	71	Balliu	Article	Financial Health of Sustainable Companies	Renewable valuation, Renewable marked, Case study	The analysis of five sustainable companies reveals they maintain good financial health alongside sustainable practices, although Orsted faces higher capital expenditures due to its renewable energy focus, suggesting potential financial challenges for similar companies. Expanding the study to include more companies across diverse GICS codes could offer broader insights into the financial health of sustainable firms.	2022	Romania		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
	72	Chaddha	Article	Corporate restructuring and its effect on employee morale and performance	Organizational	The research highlights that organizational restructuring significantly impacts employee morale, often resulting in decreased trust, increased job insecurity, and resentment towards the restructuring process due to inadequate communication and involvement. To mitigate these effects and improve morale, the study recommends a central role for HR in downsizing strategies, inclusive consultation processes, transparent communications, and investments in staff through training, career planning, and opportunities for job enrichment, aiming to rebuild trust and accountability in management.	2016	India	X	
	73	Žuk, Žuk	Article	Increasing Energy Prices as a Stimulus for Entrepreneurship in Renewable Energies: Ownership Structure, Company Size and Energy Policy in Companies in Poland	Future of oil company, Investment case renewable, Renewable market	The study indicates that in Poland, public sector entities and larger companies show more interest in investing in renewable energy, primarily driven by the goal of achieving cost savings. The ownership structure of a company significantly influences its decision to invest in renewable energy sources.	2021	Poland		X
	74	Cherry, Sneirson	Article	Chevron, Greenwashing, and the Myth of "Green Oil Companies"	Greenwashing	The article highlights Chevron's "we agree" campaign as a case of greenwashing, contrasting its environmentally friendly image with its legal challenges over pollution in the Ecuadorean Amazon. It suggests that external certification and watchdog oversight are necessary to distinguish genuine corporate social responsibility efforts from greenwashing, emphasizing the need for credible CSR disclosures to rebuild consumer and investor trust.	2012	USA		
	75	Nørgaard	Article	From black to green with a dash of New Nordic. The multimodal rebranding of a Danish energy company with global aspirations	Future of oil company, Strategy, Renewable Marked, Case study	The study of Ørsted's rebranding from a black to green energy company reveals a strategic emphasis on sustainability, intertwined with New Nordic aesthetics, while discussions on profits and less sustainable activities are downplayed. This examination highlights the need for critical scrutiny of corporate branding efforts to prevent them from overshadowing wider societal issues.	2021	Denmark		X
X	76	Eva Bartalos, Sarvari, Fekete	Article	How do the Divestment Trends Induce the Green Transformation of Oil and Gas Companies?	Future of oil company, Investment case renewable, Strategy, Renewable marked, Case study	The study reveals that smaller oil and gas companies, often with government support, have made significant strides in green transformation by divesting from fossil fuel-based portfolios. Data collected between 2017 and 2022 from companies like Shell, BP, OMV, PKN Orlen, Neste, and Ørsted highlights that most divested assets were acquired by firms outside the EU, although data limitations exist due to the sensitivity of divestment figures not being fully disclosed in annual reports.	2023	Hungary		
	77	Lowe, Harris	Article	Taking climate change seriously: British petroleum's business strategy	Greenwashing, Future of oil companies, Strategy, Case	The study investigates British Petroleum's groundbreaking acknowledgment of climate change, its contributions to it, and its commitment to reducing emissions both internally and globally. It scrutinizes BP's motivations, decision-making process, and the broader implications for the company, its competitors, and multinational corporations in the industry.	1998	USA	X	

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
X	78	Zhong, Bazilian	Article	Contours of the energy transition: Investment by international oil and gas companies in renewable energy	Future of oil company, Renewable market, Strategy	The study reveals that International Oil Companies (IOCs) are adopting varied strategies to invest in renewable energies, experiencing mixed outcomes. These initiatives reflect the IOCs' efforts to navigate the complexities of transitioning towards a more sustainable energy landscape.	2018	Colorado, USA		
X	79	Abraham-Dukuma	Article	Dirty to clean energy: Exploring 'oil and gas majors transitioning'	Financial, Case study	The paper explores the transition of oil and gas majors to clean energy, highlighting Ørsted's shift from fossil fuels to green energy as a case study within the frameworks of 'energy transition' and 'energy transition governance.' It suggests that such companies can successfully transition by optimizing organizational, technical, and industry synergies, with policy support from host states being crucial for the success of these transitions.	2021	New Zealand		
	80	Lin, Wang	Article	The performance of specialized and oriented diversified firms: A comparative analysis from the targeted expansion of renewable energy business of listed companies	Renewable market, Strategy, Renewable valuation, Pure play	The study reveals that expanding renewable energy business significantly enhances corporate performance, with Chinese companies outperforming American ones in this aspect, largely due to China's manufacturing shift and supportive policy environment. These findings suggest the need for a more integrated approach to industrial policy and support for specialized enterprises in emerging industries like renewable energy.	2023	China	X	
X	81	Morina, Ergün, Hysa	Article	Understanding Drivers of Renewable Energy Firm's Performance	Rnewable marked	This study investigates the profitability drivers for EU-based renewable energy companies from 2004–2018, finding firm-specific factors and support schemes like tradable green certificates crucial for long-term profitability, despite the dampening effect of financial crises.	2021	Albania		
	82	Hucher	Article	Wind of change : from dirty fuel to the world's most sustainable energy company : a case study on the business transformation of Ørsted	Renewable market, Case	This case study delves into Ørsted's shift from a traditional fossil fuel company to becoming the world's most sustainable company, analyzing the strategic change, dynamic capabilities, and corporate sustainability that fueled this transformation, offering insights into successfully navigating sustainability in rapidly changing markets.	2023	Portugal		
X	83	Latapi, Jóhannsdóttir, Davíðsdóttir	Article	The energy company of the future: Drivers and characteristics for a responsible business framework	Renewable market, Future of oil companies	This article examines the drivers behind Nordic energy companies' adoption of responsible business frameworks, developing a categorization based on empirical data and interviews with senior managers, leading to a proposed definition of the future energy company characterized by 19 key elements. It contributes to understanding the motivations for sustainable corporate behavior in the energy sector, crucial for achieving Sustainable Development Goals, by offering a comprehensive framework and insights for policy, legislation, and business innovation.	2020	Iceland		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
X	84	Dzhengiz, Henry, Malik	Article	The Role of Partnership Portfolios for Sustainability in Addressing the Stability-Change Paradox: Dong/Orsted's Transition From Fossil Fuels to Renewables	Renewable market, Case study	This article explores how firms navigate the stability-change paradox in sustainability transitions through sustainability-oriented partnerships, using a case study of Dong/Ørsted. It shows how these partnerships helped Dong/Ørsted manage the paradox across different transition phases by acting as spatiotemporal pockets, enabling the company to leverage the temporal and spatial dynamics of sustainability challenges and create collaborative value, facilitating its sustainability transition.	2023	UK		
	85	Matathia	Article	Synergistic collaborations and efficiencies for offshore wind clusters in the Northeast	Renewable market	This study explores synergies among nine offshore wind projects in the Northeast U.S., highlighting potential in logistics and operations to lower costs and enhance efficiency, with industry expert interviews suggesting shared port facilities and non-competitive collaboration as key strategies.	2021	USA		X
X	86	Maksimovic, Phillips	Article	Do Conglomerate Firms Allocate Resources Inefficiently Across Industries? Theory and Evidence	Conglomerate wave and pure play	The study develops a neoclassical model to explain optimal firm size and growth, showing that conglomerates can achieve profit maximization despite a conglomerate discount, with resource allocation and responses to industry shocks differing from single-segment firms, supported by plant-level data indicating growth and investment decisions are driven by industry fundamentals and segment-level productivity.	2002	USA		
X	87	Singh, Mathur, Gleason	Article	Governance and Performance Implications of Diversification Strategies: Evidence from Large U.S. Firms	Conglomerate wave and pure play	This study finds no direct link between ownership structure, corporate governance, and diversification strategy, suggesting that agency issues don't drive firms' diversification choices or affect the performance outcomes of these strategies, indicating investors do not inherently avoid diversified firms, with differences in board and ownership between diversified and focused firms attributed to varying stages of corporate evolution.	2004	USA		
	88	Lins, Servaes	Article	International Evidence on the Value of Corporate Diversification	Conglomerate wave and pure play	This study investigates the diversification discount across firms in Germany, Japan, and the UK in 1992 and 1994, finding no significant discount in Germany, but a notable 10% discount in Japan and 15% in the UK. It also observes that in Germany, concentrated insider ownership positively affects diversification valuation, unlike in Japan or the UK, where in Japan, the discount applies mainly to firms with strong industrial group ties, suggesting corporate governance differences internationally influence diversification's effect on shareholder wealth.	2002	USA	X	
X	89	Dittmar, Shivdasani	Article	Divestitures and Divisional Investment Policies	Conglomerate wave and pure play	The study analyzes diversified firms divesting a business segment, finding that such divestitures lead to a reduction in the diversification discount, associated with increased investment efficiency in remaining segments, supporting the corporate focus and financing hypotheses and suggesting inefficient investment contributes to the diversification discount, with asset sales improving remaining divisions' investment efficiency.	2003	USA		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
X	90	Lamont, Polk	Article	Does diversification destroy value? Evidence from the industry shocks	Conglomerate wave and pure play	The study examines the impact of corporate diversification on shareholder value, using exogenous changes in industry investment diversity to analyze its causal effect. Findings indicate that increased diversification is negatively related to firm value, supporting the hypothesis that diversification, through inefficient internal capital markets, destroys value. Additionally, it's shown that exogenous changes in industry cash flow diversity also negatively impact firm value, reinforcing the detrimental effects of diversification on shareholder wealth.	2002	USA		
	91	Anderson, Bates, Bizjak, Lemmon	Journal article	Corporate Governance and Firm Diversification	Conglomerate wave and pure play	This study reveals that diversified firms exhibit distinct corporate governance features, such as lower CEO stock ownership and pay-for-performance sensitivity, but alternative governance mechanisms suggest agency costs alone don't fully account for the diversification discount's persistence.	2000	USA	X	
X	92	Hoehle, Schmid, Walter, Yermack	Article	How much of the diversification discount can be explained by poor corporate governance?	Conglomerate wave and pure play	The study explores if the diversification discount is influenced by corporate governance, finding that including governance variables in panel data models reduces the discount by 16% to 21%. Further analysis using Heckman selection models and dynamic panel GMM models, accounting for the endogeneity of diversification and governance, shows that the discount persists, but significantly narrows or disappears entirely when governance factors are considered, highlighting the substantial impact of corporate governance on the diversification discount.	2009	Switzerland/Germany/USA		
X	93	Comment, Jarrell	Article	Corporate focus and stock returns	Conglomerate wave and pure play	The trend towards corporate specialization in the 1980s, driven by diseconomies of scope, aligns with shareholder wealth maximization, evidenced by positive stock return correlations with increased focus and the inability of diversified firms to leverage financial economies of scope. Despite being less targeted for hostile takeovers, large focused firms observed diversified firms actively engaging in corporate control markets, indicating a strategic response to the era's challenges.	1995	USA		
X	94	Chevallier, Goutte, Ji, Guesmi	Article	Green finance and the restructuring of the oil-gas-coal business model under carbon asset stranding constraints	Future of oil company, Renewable market, Strategy, Financial	The research predicts significant financial risks for major fossil fuel companies due to stranded assets, with many facing the potential for bankruptcies and defaults if they do not adapt their business models in response to stringent emissions policies.	2020	France / China		
X	95	Lestan, Kubasova	Article	The Effect of Strategic Development on the Competitive Status: The Case of Equinor	Future of oil company, Renewable market, Strategy, Case study	The study finds that the energy transition has slightly negatively affected Equinor's competitiveness. Equinor is proactive in phasing out its oil and gas reserves and internal transformation, but it lags in addressing external market challenges. The company's minor involvement in renewables suggests a need for broader diversification in the energy sector.	2022	Norway		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
	96	Christiansen	Article	Beyond Petroleum: Can BP deliver?	Future of oil company, Greenwashing, Case study	The study highlights BP's engagement with environmental and corporate social responsibility (CSR) challenges, contrasting its proactive stance on issues like climate change with accusations of poor performance in certain regions. BP communicates extensively about its CSR efforts and has set new standards in areas such as corruption and transparency, showing a generally high consistency between its rhetoric and actions.	2002	Norway		
	97	Guo, Yang, Bradshaw, Wang, Blondeel	Article	Globalization and decarbonization: Changing strategies of global oil and gas companies	Future of oil company, Strategy	The study explores the strategic adjustments oil and gas companies are making in response to economic globalization and climate change pressures. It reveals that these companies are grappling with the need to decarbonize while also addressing ongoing high demand for fossil fuels, amidst challenges like the COVID-19 pandemic recovery and geopolitical tensions, highlighting a pivotal period of transformation in their roles and strategies within the global energy sector.	2023	NA	X	
	98	Hazelius, Sundström	Article	The Old Mutual and Skandia demerger: Building commitment as a factor of success	Case, demerger	The study on demergers highlights the importance of strategic planning, clear communication, and employee engagement in the success of a demerger process. The case of Skandia and Old Mutual demerger shows that transparent communication and addressing employee concerns effectively can significantly contribute to achieving a smooth organizational transition and employee commitment to the demerger goals.	2013	Sweden	X	
	99	Okoli, Adekoya, Ilojiana, Ayorinde, Etukudoh, Hamdan	Article	Sustainable energy transition strategies: A comparative review of CSR and corporate advising in the petroleum industry in the United States and Africa	Future of oil company	The research highlights a significant divide between U.S. and African petroleum companies in their approach to sustainable energy transition, with U.S. companies actively embracing CSR initiatives for environmental concerns, whereas African companies focus on balancing economic growth with environmental responsibility amidst unique challenges.	2024	USA / Africa	X	
	100	Voldsgaard, Rüdiger	Article	Innovative Enterprise, Industrial Ecosystems, and Sustainable Transition: The Case of Transforming DONG Energy to Ørsted	Case study	The synthesis of evolutionary and institutional economics highlights the potential for successful green transitions through policy-driven cost reductions in renewable energy and storage, strategic market creation, and institutional innovations, suggesting mission-oriented innovation policies can significantly alter our techno-economic paradigm towards sustainability.	2022	UK/Denmark		
X	101	Rendtorff	Article	Sustainable Solutions to the Global Climate Problem: The Case of the Renewable and Green Energy Company Ørsted	Case study	The chapter examines Ørsted's transition from a fossil fuel company to a leader in offshore wind energy, embodying corporate social responsibility and the Sustainable Development Goals (SDGs) through values-driven management and strategic commitment to green energy, showcasing a business model that integrates sustainability deeply into its core, contributing to sustainable development and climate control efforts.	2023	Denmark		

Final	#	Author	Literature Type	Title	Theme	Main Findings	Year	Location	Drop 1	Drop 2
X	102	Græe, Magnussøn	Article	An opportunity gone with the wind?	Future of oil company, Strategy	The analysis suggests that Equinor is unlikely to replicate Ørsted's success in transitioning from fossil-based to renewables-based energy due to a lower lifecycle IRR in its offshore-wind projects and the lack of certain advantages Ørsted had, such as strong governmental support and early-on know-how. The study also recommends that for Equinor to fully capitalize on its green transformation, a spin-off might be necessary to attract ESG investors.	2020	Norway		

Appendix B: Survey Questions and Answers

This appendix contains the full dataset of the survey conducted as part of this thesis. It includes both the questions posed to participants and their responses. The survey was designed to gather direct insights and empirical data relevant to the study's objectives. This section is intended solely for the presentation of the raw data, allowing for a transparent view of the input that informed the research findings detailed in other sections of the thesis.

B.1 The Survey

The following questions each have a statement from us as a header, which serves as a theme for the subsequent 3-4 questions. Please feel free to comment on these statements at the bottom of the survey.

The renewable division will not receive sufficient investments as these projects must compete with profitable oil projects.

1. *Do you believe that the Renewable division in Equinor ASA currently receives adequate attention and is sufficiently prioritized?*
2. *To what extent do you agree that the contrast between Equinor Renewable's need for long-term investment and the immediate profitability of its oil projects hinder value maximization in the renewable sector?*
3. *To what extent do you agree with the following statement: Equinor allocates resources between its renewable energy and oil projects in a way that effectively balances long-term sustainability with short-term profitability?*

Evaluating oil projects before lunch and renewable projects after lunch is not an advantageous management approach.

1. *Do you believe that a potential demerger would enhance the efficiency and clarity of decision-making processes within Equinor's two separate divisions?*

2. *Equinor's oil & gas and renewable energy operations, if structured as two separate publicly traded entities, would allow for a more strategic allocation of resources and prioritization of projects within each division.*
3. *To what extent do you agree that there is a bias in Equinor's governance, potentially impacting its decision-making effectiveness when addressing both high-profit oil and gas investments and the renewable energy sector within the same management structure?*

Equinor is unable to maintain transparency with investors when devising a strategy that encompasses both renewable and fossil fuels.

1. *A demerger would increase investor interest and engagement in Equinor Renewable by offering a clearer investment case.*
2. *A separation from oil and gas operations would attract more environmentally conscious investors to Equinor Renewable.*
3. *If a demerger were to occur, Equinor Renewable is expected to be valued at higher multiples, comparable to those of other renewable energy companies.*

Equinor's commitment to renewables is merely a facade of greenwashing their lucrative oil and gas sector, leading to the renewable segment being perceived as an afterthought.

1. *In your view, does Equinor prioritize its renewable energy initiatives as core to its business strategy?*
2. *Equinor can effectively compete in both the oil & gas sector and the renewable energy sector simultaneously.*
3. *To what extent do you agree that Equinor Renewable and Equinor's Oil & gas would be more competitive in their fields following a potential demerger?*

The Renewable and the Oil & Gas division are two vastly different business units. They would be better managed independently.

1. *Do you agree that the distinct risk profiles of Equinor's Renewable and Oil & Gas divisions warrant separate management strategies?*
2. *As an independent entity, Equinor Renewable would be better positioned to leverage public support schemes and incentives for renewable energy.*
3. *The market will recognize the growth and value potential of Equinor Renewable more clearly as a standalone entity.*

Equinor's renewable division has significant potential to stand on its own.

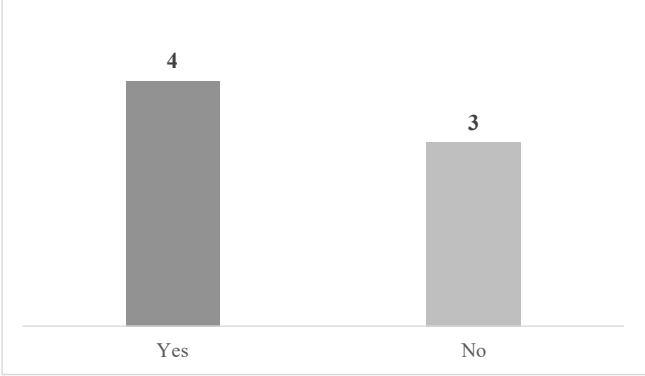
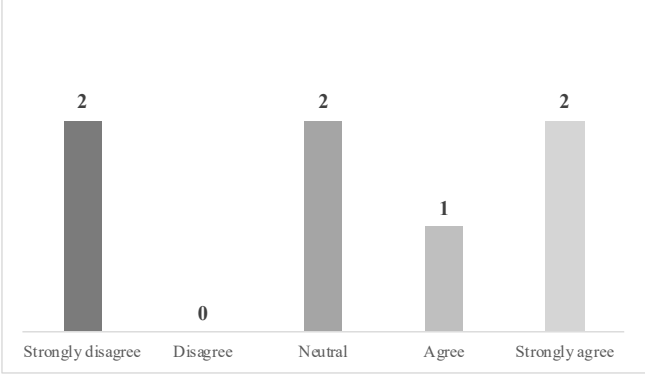
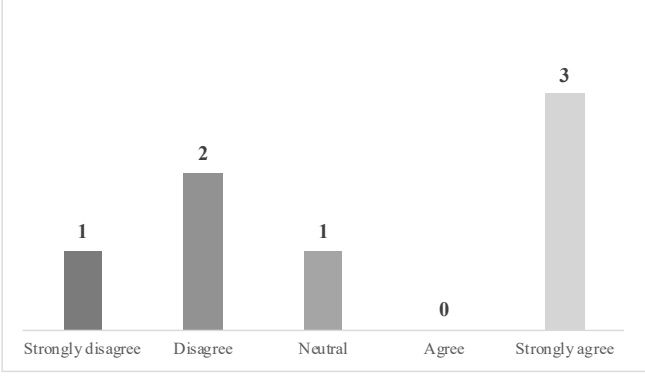
1. *A demerger would enhance Equinor Renewable's ability to enter strategic partnerships and collaborations within the renewable energy sector.*
2. *As an independent company, Equinor Renewable would face more difficulties in financing large projects without the backing of a larger organization.*
3. *Equinor Renewable would adapt to market developments outside wind and solar energy better if they were to demerge.*
4. *The valuation of Equinor Renewable as an independent company would be low, resulting in an unfavorable starting point for a successful demerger.*

Text answer questions:

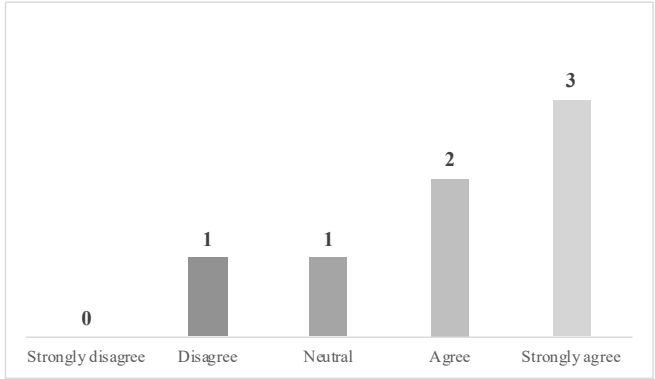
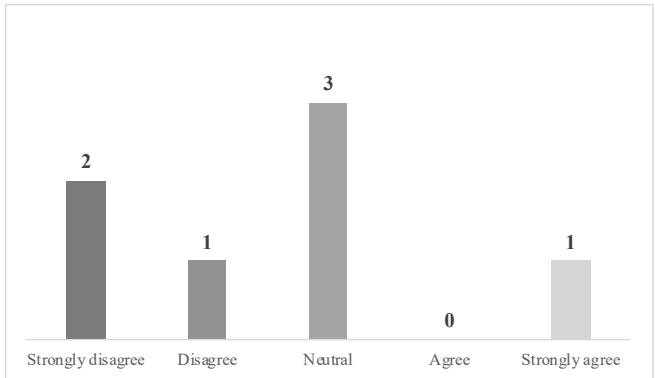
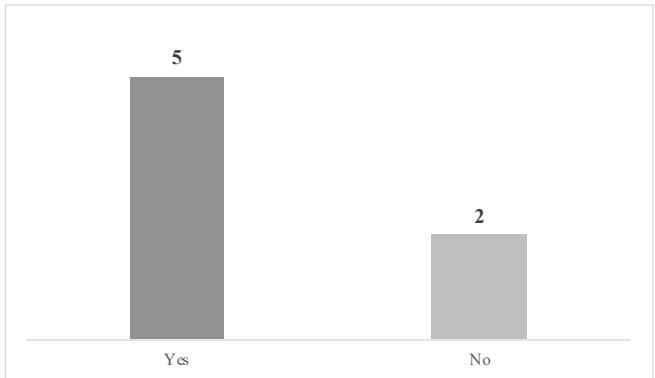
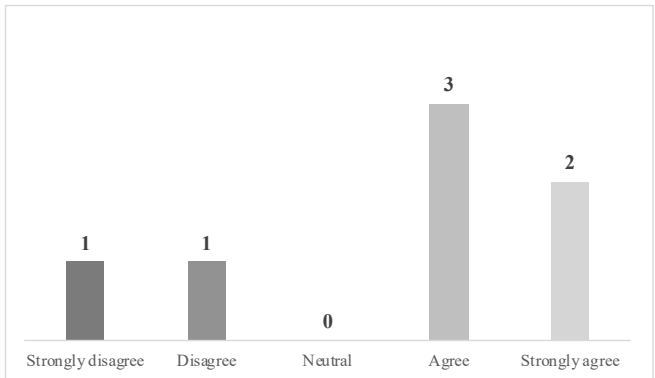
1. *In your opinion, what factors negatively impact the concept of a potential demerger?*
2. *In your opinion, what factors positively impact the concept of a potential demerger?*
3. *Feel free to comment on the given statements and elaborate on any issues that you want to highlight and/or you think have not been highlighted in this survey.*
4. *Given the right circumstances, do you believe that a potential demerger of Equinor's renewable energy division could result in the sum of the parts being greater in the long term?*

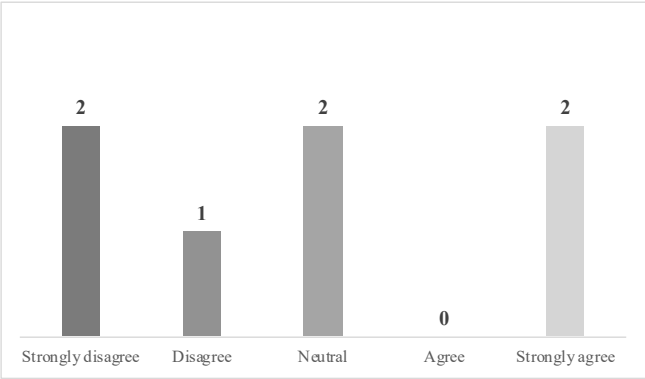
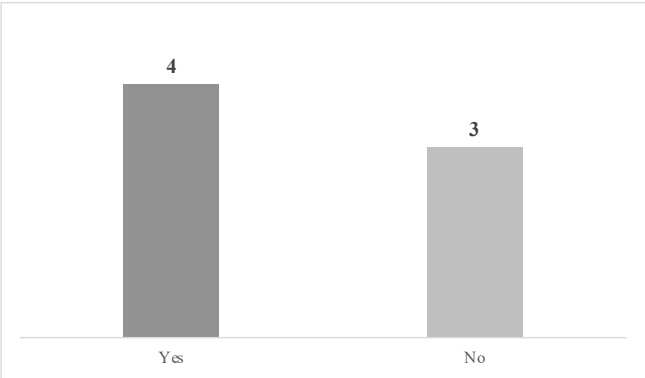
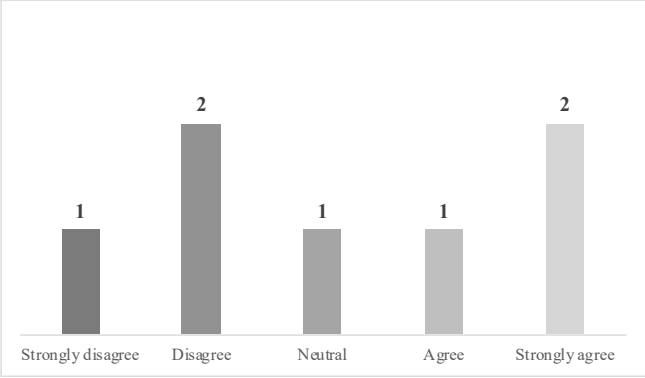
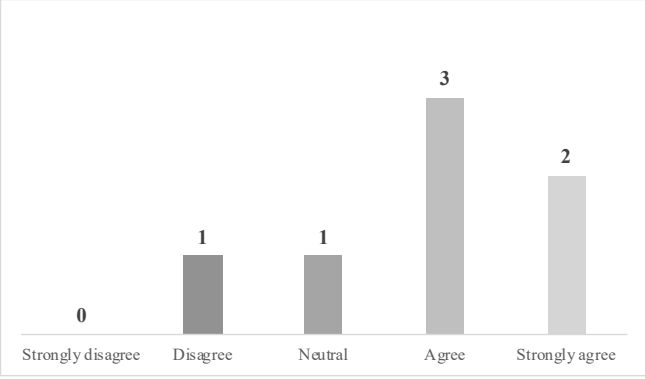
B.2 Survey Answers

Presented here are the responses displayed in a bar chart, categorizing them as *yes* or *no*, and illustrating the distribution across the Likert scale as outlined in the methodology section.

<p>Do you believe that the Renewable division in Equinor ASA currently receives adequate attention and is sufficiently prioritized?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>4</td> </tr> <tr> <td>No</td> <td>3</td> </tr> </tbody> </table>	Response	Count	Yes	4	No	3						
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No	3												
<p>To what extent do you agree that the contrast between Equinor Renewable's need for long-term investment and the immediate profitability of its oil projects hinder value maximization in the renewable sector?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>2</td> </tr> <tr> <td>Disagree</td> <td>0</td> </tr> <tr> <td>Neutral</td> <td>2</td> </tr> <tr> <td>Agree</td> <td>1</td> </tr> <tr> <td>Strongly agree</td> <td>2</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	2	Disagree	0	Neutral	2	Agree	1	Strongly agree	2
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<p>To what extent do you agree with the following statement: Equinor allocates resources between its renewable energy and oil projects in a way that effectively balances long-term sustainability with short-term profitability?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>1</td> </tr> <tr> <td>Disagree</td> <td>2</td> </tr> <tr> <td>Neutral</td> <td>1</td> </tr> <tr> <td>Agree</td> <td>0</td> </tr> <tr> <td>Strongly agree</td> <td>3</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	1	Disagree	2	Neutral	1	Agree	0	Strongly agree	3
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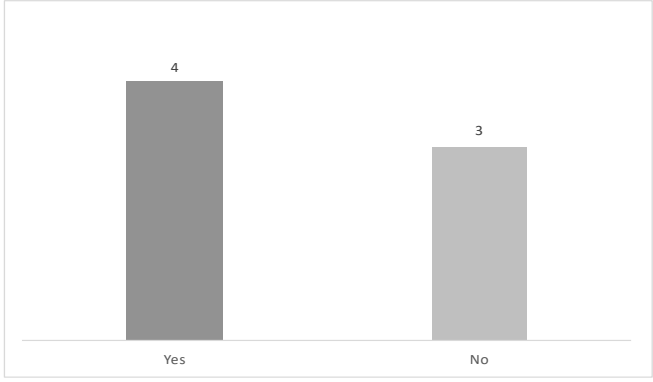
<p>Do you believe that a potential demerger would enhance the efficiency and clarity of decision-making processes within Equinor's two separate divisions?</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>3</td> </tr> <tr> <td>No</td> <td>4</td> </tr> </tbody> </table>	Response	Count	Yes	3	No	4						
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<p>Equinor's oil & gas and renewable energy operations, if structured as two separate publicly traded entities, would allow for a more strategic allocation of resources and prioritization of projects within each division.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>1</td> </tr> <tr> <td>Disagree</td> <td>1</td> </tr> <tr> <td>Neutral</td> <td>0</td> </tr> <tr> <td>Agree</td> <td>3</td> </tr> <tr> <td>Strongly agree</td> <td>2</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	1	Disagree	1	Neutral	0	Agree	3	Strongly agree	2
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<p>To what extent do you agree that there is a bias in Equinor's governance, potentially impacting its decision-making effectiveness when addressing both high-profit oil and gas investments and the renewable energy sector within the same management structure?</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>1</td> </tr> <tr> <td>Disagree</td> <td>2</td> </tr> <tr> <td>Neutral</td> <td>0</td> </tr> <tr> <td>Agree</td> <td>2</td> </tr> <tr> <td>Strongly agree</td> <td>2</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	1	Disagree	2	Neutral	0	Agree	2	Strongly agree	2
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<p>A demerger would increase investor interest and engagement in Equinor Renewable by offering a clearer investment case.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>5</td> </tr> <tr> <td>No</td> <td>2</td> </tr> </tbody> </table>	Response	Count	Yes	5	No	2						
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<p>A separation from oil and gas operations would attract more environmentally conscious investors to Equinor Renewable.</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>0</td> </tr> <tr> <td>Disagree</td> <td>1</td> </tr> <tr> <td>Neutral</td> <td>1</td> </tr> <tr> <td>Agree</td> <td>2</td> </tr> <tr> <td>Strongly agree</td> <td>3</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	0	Disagree	1	Neutral	1	Agree	2	Strongly agree	3
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<p>If a demerger were to occur, Equinor Renewable is expected to be valued at higher multiples, comparable to those of other renewable energy companies.</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>2</td> </tr> <tr> <td>Disagree</td> <td>1</td> </tr> <tr> <td>Neutral</td> <td>3</td> </tr> <tr> <td>Agree</td> <td>0</td> </tr> <tr> <td>Strongly agree</td> <td>1</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	2	Disagree	1	Neutral	3	Agree	0	Strongly agree	1
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<p>In your view, does Equinor prioritize its renewable energy initiatives as core to its business strategy?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>5</td> </tr> <tr> <td>No</td> <td>2</td> </tr> </tbody> </table>	Response	Count	Yes	5	No	2						
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<p>Equinor can effectively compete in both the oil & gas sector and the renewable energy sector simultaneously.</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>1</td> </tr> <tr> <td>Disagree</td> <td>1</td> </tr> <tr> <td>Neutral</td> <td>0</td> </tr> <tr> <td>Agree</td> <td>3</td> </tr> <tr> <td>Strongly agree</td> <td>2</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	1	Disagree	1	Neutral	0	Agree	3	Strongly agree	2
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<p>To what extent do you agree that Equinor Renewable and Equinor's Oil & gas would be more competitive in their fields following a potential demerger?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>2</td> </tr> <tr> <td>Disagree</td> <td>1</td> </tr> <tr> <td>Neutral</td> <td>2</td> </tr> <tr> <td>Agree</td> <td>0</td> </tr> <tr> <td>Strongly agree</td> <td>2</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	2	Disagree	1	Neutral	2	Agree	0	Strongly agree	2
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<p>Do you agree that the distinct risk profiles of Equinor's Renewable and Oil & Gas divisions warrant separate management strategies?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>4</td> </tr> <tr> <td>No</td> <td>3</td> </tr> </tbody> </table>	Response	Count	Yes	4	No	3						
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<p>As an independent entity, Equinor Renewable would be better positioned to leverage public support schemes and incentives for renewable energy.</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>1</td> </tr> <tr> <td>Disagree</td> <td>2</td> </tr> <tr> <td>Neutral</td> <td>1</td> </tr> <tr> <td>Agree</td> <td>1</td> </tr> <tr> <td>Strongly agree</td> <td>2</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	1	Disagree	2	Neutral	1	Agree	1	Strongly agree	2
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<p>The market will recognize the growth and value potential of Equinor Renewable more clearly as a standalone entity.</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>0</td> </tr> <tr> <td>Disagree</td> <td>1</td> </tr> <tr> <td>Neutral</td> <td>1</td> </tr> <tr> <td>Agree</td> <td>3</td> </tr> <tr> <td>Strongly agree</td> <td>2</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	0	Disagree	1	Neutral	1	Agree	3	Strongly agree	2
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<p>A demerger would enhance Equinor Renewable's ability to enter strategic partnerships and collaborations within the renewable energy sector.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>3</td> </tr> <tr> <td>No</td> <td>4</td> </tr> </tbody> </table>	Response	Count	Yes	3	No	4						
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<p>As an independent company, Equinor Renewable would face more difficulties in financing large projects without the backing of a larger organization.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>1</td> </tr> <tr> <td>Disagree</td> <td>1</td> </tr> <tr> <td>Neutral</td> <td>0</td> </tr> <tr> <td>Agree</td> <td>2</td> </tr> <tr> <td>Strongly agree</td> <td>3</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	1	Disagree	1	Neutral	0	Agree	2	Strongly agree	3
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<p>Equinor Renewable would adapt to market developments outside wind and solar energy better if they were to demerge.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>0</td> </tr> <tr> <td>Disagree</td> <td>2</td> </tr> <tr> <td>Neutral</td> <td>3</td> </tr> <tr> <td>Agree</td> <td>0</td> </tr> <tr> <td>Strongly agree</td> <td>2</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	0	Disagree	2	Neutral	3	Agree	0	Strongly agree	2
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<p>The valuation of Equinor Renewable as an independent company would be low, resulting in an unfavorable starting point for a successful demerger.</p>	<table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strongly disagree</td> <td>1</td> </tr> <tr> <td>Disagree</td> <td>3</td> </tr> <tr> <td>Neutral</td> <td>1</td> </tr> <tr> <td>Agree</td> <td>1</td> </tr> <tr> <td>Strongly agree</td> <td>1</td> </tr> </tbody> </table>	Response	Count	Strongly disagree	1	Disagree	3	Neutral	1	Agree	1	Strongly agree	1
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<p>In your opinion, what factors negatively impact the concept of a potential demerger?</p>	<p>After a demerger, the renewable business would have no money to invest in renewable assets and the business would die. After a demerger the oil and gas business would be in harvest mode and eventually be out of business.</p>
	<p>I think the renewable business should grow to reach a mature size before any spin-off.</p>
	<p>A separate listing of the renewable segment would make (equity) financing a challenge - the new company would have to raise equity continuously to sustain growth? A separate listing of renewable would send the O&G business into the sunset - undermine the entire transition concept impacting employees and discarding the transferable competence the O&G operations.</p>
	<p>Equinor's renewable business might be too small for now.</p>
<p>In your opinion, what factors positively impact the concept of a potential demerger?</p>	<p>It would satisfy short sighted investors.</p>
	<p>Benefitting from a better valuation, independent management, lower competition from oil& gas to access financing.</p>
	<p>It would please a very very small minority of the shareholders. The potential carve-out and listing of renewables is an out-dated story. The AGM in Equinor has approved the transition plan almost unanimously.</p>
<p>The uncertainty about Equinor's strategy. A more focused renewable management team.</p>	<p>Feel free to comment on the given statements and elaborate on any issues that you want to highlight and/or you think have not been highlighted in this survey.</p>
<p>It looks like your thesis is that a split of the company could be a good thing. Take a look at true detectives season 4: you're (unfortunately) asking the wrong questions. The right questions are: 1) What do companies do to survive? 2) What is needed do energy transition? 3) Is the company pursuing investment opportunities with sufficiently good return prospects?</p>	

	<p>4) Are the EVA of one part of the business different from the other part of the business, and why?</p> <p>5) Is the company turning down attractive investment opportunities in either segment?</p> <p>Equinor's renewable division is quite small and the growth prospects are not able to compete with bigger renewable companies or utilities. Equinor's REN business model is also not very competitive as the integration does not exist and the assets are largely price takers or outdated contracts. Apart from renewable power projects, the economics of CCS projects are also not enough to excite the market. The company aims something around 4-8% but note that more than 80% of the CCS projects are financed by the government. In case of a demerger, the business will not get an attractive valuation.</p>						
<p>Given the right circumstances, do you believe that a potential demerger of Equinor's renewable energy division could result in the sum of the parts being greater in the long term?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>4</td> </tr> <tr> <td>No</td> <td>3</td> </tr> </tbody> </table>	Response	Count	Yes	4	No	3
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