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REP.MC - Q3 2025 Repsol SA Earnings Call

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PRESENTATION

Operator

Hello and welcome to the Repsol third quarter 2025 results conference call. Today's conference will be conducted by Mr. Josu Jon Imaz, CEO, and a brief introduction will be given by Mr. Pablo Bannatyne, Head of Investor Relations. I would now like to hand the call over to Mr. Bannatyne. Sir, you may begin.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Thank you, operator, and good morning to all. Welcome to Repsol's third-quarter 2025 results presentation. Today's conference call will be hosted by Josu Jon Imaz, our Chief Executive Officer, with other members of the executive team joining us as well. At the end of the presentation, we will be available for a Q&A session.

Before we start, let me draw your attention to our disclaimer. During this presentation, we may make forward-looking statements based on estimates. Actual results may differ materially depending on a number of factors, as indicated in the disclaimer. I will now hand the conference call over to Josu Jon.

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Thank you, Pablo. Good morning to everyone and thank you for joining us. Repsol delivered a solid operational and financial performance in the third quarter of 2025, moving ahead on key projects, optimizing the asset portfolio, and reinforcing its commitment to shareholder value and capital discipline.

The Energy landscape continues to be shaped by geopolitical stability and concerns of oil oversupply. In the US, gas prices softened compared to the previous quarter, yet fundamentals still point to a tighter market heading into next year.

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The Refining business continued to build on a positive momentum in a market characterized by a diesel supply deficit. Operations at our industrial sites restored activity levels following the disruptions caused by the Iberian outage in the second quarter.

On the commercial side, all business segments delivered stronger year-over-year contributions. Retail fuel sales remained robust, well supported by seasonal trends. The adjusted income totaled EUR820 million, 17% above the second quarter, and 47% higher than in the same period of 2024. All four divisions improved their results over the third quarter last year.

Cash flow from operations amounted to EUR1.5 billion. The accumulated operating cash flow to September reached EUR4.3 billion, 15% higher than in the first nine months of 2024. Net CapEx was EUR0.3 billion in the quarter, with a EUR0.8 billion contribution from disposals, asset rotations, and the EUR0.2 billion received from the sale of tax credits in the Outpost project.

The accumulated net CapEx to September was EUR2.5 billion, including EUR1.3 billion in proceeds from disposals and rotations. By quarter end, all the transactions announced in 2025 have been fully collected. Net debt stood at EUR6.9 billion per quarter, an increase of EUR1.2 billion compared to June, mainly due to the integration of the new joint venture established with New Energy in the UK.

As part of the agreement, Repsol has retained a funding commitment for the commissioning liabilities related to a portion of its legacy assets. This amount was previously recognized as a non-financial liability on the financial statement, so it doesn't increase at all Repsol's exposure, but it is now classified in a different way.

It's classified as financial debt at the consolidated level. So, it's only, let me say, an accounting procedure. Excluding the impact of UK integration, net debt would be flat compared to June. Gearing rose to 20.5% by quarter end, and 10.4% excluding leases remained aligned with our strategic objective of preserving our current credit rating.

Looking at the evolution of the main macroeconomic indicators in the quarter: Brent crude averaged $69 per barrel, 2% higher than in the second quarter, and 14% lower than in the same quarter last year. The Henry Hub averaged $3.1 per million BTU, 9% lower quarter over quarter, and 41% above the same period in 2024.

Driven by strong middle distillate differentials, the refining margin indicator stood at $8.8 per barrel, 49% higher than in the second quarter, and 120% higher than the same period in 2024. Finally, the dollar continued to weaken against the euro, with an average exchange rate of 1.17.

Turning now to the upstream performance. This division continued to deliver efficient and competitive growth, enhancing returns through new projects and portfolio management. We are improving the business and, together with our partner, positioning the company for a potential liquidity event. Third quarter adjusted income was EUR317 million, 28% below the second quarter, and 11% higher year over year.

Production averaged 551,000 barrels of oil equivalent per day, about 1% lower than in the previous quarter and broadly in line with a year ago. Compared to the third quarter of last year, the impact of divestment and natural decline was offset by higher contributions from Libya and the UK.

In the UK, the merger with New Energy was completed in July. The new joint venture is projected to produce around 130,000 barrels per day in 2025. Increasing Repsol's net production in the country from around 30,000 to 59,000 barrels per day.

On an annual basis, the JV is expected to contribute around $700 million of EBITDA to Repsol in 2026. In Indonesia, in September, we agreed the disposal of our stake in Sakakemang, completing our country exit after the disposal of our interest in Corridor announced in the second quarter. After this transaction, Repsol E&P is now present in 11 countries, 10 producing plus an exploratory position in Mexico, consistent with our strategic objective of concentrating operations on geographies where we hold the strongest competitive advantages.

In this regard, the US continues to strengthen its position as a strategic growth region within our upstream portfolio. In the Gulf of America, the joint development of Leon and Castile fields reached first oil in September, and in Alaska, the first phase of Pikka is expected to start

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up early 2026. These projects, together with the upcoming startup of Lapa Southwest in Brazil, are expected to add around 50,000 barrels of oil equivalent per day of new low-emissions, low break-even production by 2027.

In addition, these developments have accounted for a substantial share of the upstream investment effort outlined to 2027, and the completion will allow us to transition to more normalized CapEx levels in the division, at around or even below EUR2 billion per year.

Finally, as part of the preparation of our vehicle ahead of a potential liquidity event, Repsol E&P completed last quarter a $2.5 billion bond offering, the largest in US dollars in Repsol's history. The offering, structured in three tranches, attracted strong demand, underscoring the solid support for our upstream strategy.

Continuing with the industrial division, third quarter performance was driven by the consolidation of the refining upcycle and the solid contribution from the trading businesses. Following the impact of the Spanish outage in the second quarter, operations activity at our industrial complexes returned to normalized levels, enabling us to capture the positive refining scenario.

The adjusted income totaled EUR315 million, 18% higher than in the second quarter and 70% above the same period a year ago. In refining, our margin indicator climbed to levels not seen since the first quarter of 2024, supported by a stronger product spread, mainly in diesel.

The premium of our indicator was $0.7, negatively impacted by the turnaround of Cartagena and planned maintenance at the C43 biofuels unit and the absence of crude shipments from Venezuela. The C43 plant resumed full capacity operations in October.

Distillation capacity utilization was 85%, while conversion units operated at 101% of nameplate capacity. Refining margins have remained robust in the fourth quarter, with the indicator averaging $9.8 in October and $7.1 year-to-date. The export margin this morning was $13 per barrel.

No major refinery turnarounds are planned this quarter, supporting healthy utilization rates. Renewable fuels margins remain also at solid levels, driven by stricter regulatory mandates in Europe and lower imports.

In the chemical business, market conditions in Europe remain challenging with flat demand and higher costs compared to other geographies. Repsol's petrochemical margin indicator declined by 22% over the previous quarter, driven by lower prices and higher energy costs.

Our priority for this business remains lowering break-evens and expanding margins through differentiation. The Sines expansion scheduled to start in 2026 is expected to add around EUR80 million of EBITDA at the current acid scenario, and in Puertollano, a new plant dedicated to highly specialized applications is also planned to come on stream next year.

In the wholesale and gas trade, we received five cargos from Calcasieu Pass last quarter. This is in line with our goal of reaching a total of 11 cargos lifted in 2025, contributing around EUR100 million of incremental EBITDA compared to the initial plan.

In our industrial transformation initiatives, the project to retrofit a former soil hydrotreater in Puertollano is expected to begin operations in the second quarter of 2026. An additional retrofitting project is currently under evaluation, which will become our third major advanced fuel facility in Spain.

In Tarragona, the development of the Ecoplanta is progressing according to plan. Last week, we signed our first off-take contract to supply renewable methanol to be used at this facility as part of a long-term agreement for the supply of renewable marine fuels.

In hydrogen, during the quarter, we took the FID for our first large-scale electrolyzer. It is going to be constructed in Cartagena, and we are finalizing the analysis for the approval of another two projects. These electrolyzers will constitute the main part of our total capacity in operation by the end of this decade.

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Moving now to Customer, this division delivered the highest quarterly result in the history of Repsol's commercial businesses, with all segments delivering higher contributions year over year. Third quarter adjusted income reached EUR241 million, 22% above the second quarter and 34% higher than in the same period of 2024.

EBITDA was EUR434 million, a 25% increase year over year, bringing the accumulated figure through September to EUR1.1 billion. This performance keeps us on track to deliver in 2025 the EUR1.4 billion EBITDA targeted for 2027 in our plan. So this figure is going to be achieved this year, 2025. All that is supported by resilient demand, efficiency gains, growth in power and gas retail in Spain and Portugal, and the growth of aviation fuel sales in Iberia.

In mobility, sales of road transportation fuels grew 14% year over year, reaching pre-pandemic levels. The non-oil business delivered robust contribution margin growth in service stations, 10% above the third quarter of 2024.

As of today, 56% of our network in Spain offers multi-energy solutions. In October, the range of renewable fuels available at our service stations has been expanded with the incorporation of 100% renewable gasoline, after our Tarragona refinery achieved the first industrial-scale production of this product, a real technological milestone.

Finally, in power and gas retail, we add 157,000 new customers last quarter for a total of 2.9 million clients by the end of September, on track to reach our 3 million target before year-end. According to low-carbon generation, the adjusted income reached EUR31 million, EUR24 million higher quarter over quarter and a EUR38 million increase year over year. These better results were driven by renewables, the main driver, a higher contribution from combined cycles whose activity increased to ensure system stability following the Spanish outage, the blackout we suffered in April.

The average pool price in Spain was EUR67 per megawatt hour, 71% above the previous quarter and 16% below the same quarter in 2024. The power generated by Repsol reached 3.3 terawatt hours, 39% higher year over year. Repsol has reached 5 gigawatts of installed renewable capacity under operation. And we expect to add another 500 megawatts before year-end, mainly driven by the startup of Pinnington Solar in Texas.

We keep executing our business model based on building our projects from scratch, and investing in early stages of production to optimize financial structure and maximize returns. In the US, there's a 629-megawatt Outpost solar project, achieved by a commercial operation in September, joining Frye and the Jicarilla that are already producing in the country.

We are now in the process of closing the partial divestment of this development, with cash-in expected in 2025. In Spain, an additional asset rotation is also under negotiation for a 700-megawatt renewable portfolio, of which, and that is an important fact to see in the current market situation, more than 400 are going.

Finally, earlier this month, we acquired an 805-megawatt wind pipeline, with the aim of hybridizing production at our combined cycle plant in Escatrón, in the Spanish region of Aragón, securing the power supply for the future data center to be built in the area by a third party.

Moving now briefly to a summary of the financial results. In this slide, you may find an overview of the figures that we have covered today. For further details, I encourage you to refer to the complete set of documents released this morning.

Regarding our updated outlook to the end of 2025, the cash flow from operations guidance remains unchanged at around EUR6 billion with the benefit of a higher refining margin indicator, as I explained before, and this effect is going to be partially compensated by the lower Henry Hub price and weaker dollar.

Net CapEx is unchanged at around EUR3.5 billion. I have the ambition to put this figure below EUR3.5 billion by the end of the year, subject to the timing of the divestment processes and the execution. Upstream production remains at an estimate of around 550,000 barrels per day. We will allocate EUR1.8 billion to shareholder remuneration, EUR1.1 billion to cash dividends, and EUR700 million to share buybacks to reduce capital at the higher end of our strategic cash flow from operations distribution range.

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Following July's second dividend payment, the total DPS distributed in 2025 has been EUR0.975, an 8.3% increase over 2024. Our first capital reduction was carried out in July through the redemption of shares acquired for an equivalent amount of EUR350 million, and a second capital reduction for the same amount will be executed before year-end. For this, a new payback program was launched in September for the acquisition of shares for the equivalent of EUR300 million, with a remainder EUR50 million coming from the settlement of the 16 derivatives.

In conclusion, Repsol is delivering on its commitments, and the strength of our business model positions us well to manage the uncertainties of the current environment. In the upstream, we are improving the margin of the barrels we produce, bringing forward our growth projects, and upgrading the portfolio.

In industrial, we are capturing the positive momentum in refining, while progressing on the transformation of our sites, building resilience to ensure the long-term sustainability of the business. Customer keeps increasing its cash contribution to the group, helped by a successful multi-energy story and a growing power retail business in Iberia.

And in low-carbon generation, we continue to deliver along our strategic lines, targeting free cash flow neutrality after factoring the proceeds generated by asset rotation. Ensuring strong distributions to our shareholders remains a key priority in our story of value growth, always, of course, maintaining a clear commitment to our robust balance sheet and our net CapEx objectives.

Next year, after the share capital reduction executed in 2025, our ordinary dividend per share will be around EUR1.05 per share. I said around because that is going to depend on the exact figure of the shares we are going to redeem at the end of the current share buyback program. In 2026, the same key strategic principles will guide our path. After the release of our full-year results in February and in light of the changes in the macroeconomic, regulatory, and business landscape that our industry has gone through, our Capital Markets Day will be held in March, where we will provide updated projections to 2028. With this, I will turn it over to Pablo as we move on to the Q&A session. Thank you very much.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Thank you very much, Josu Jon. Before opening the Q&A, I would like to kindly ask participants to limit yourselves to a maximum of two questions. If time permits, we will try to cover more in a second round. Of course, the IR team will be happy to assist you for any follow-ups afterwards. As usual, I would like the operator to remind us of the process to ask a question. Please go ahead.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Michele Della Vigna, Goldman Sachs.

Michele Della Vigna - *Goldman Sachs Group Inc - Analyst*

Thank you very much and congratulations on the strong results, and looking forward to the Capital Markets Day. Two questions if I may. First, I want you to focus a bit on biofuels, an area that you're growing very fast, but also we're seeing a tremendous improvement in margins. I was wondering if you could lay out what is the contribution at the moment from that business and how big that could get next year, with potentially further tightening with the RED III and also higher volumes in the second half of the year.

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And then secondly, we wanted to come back to Venezuela. You're building up receivables there, clearly difficult situations with the US sanctions. I was wondering if there is any ongoing dialogue that could resolve the situation and allow you to take more Venezuelan cargoes. Thank you.

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Gracias, Michele. Going to your first question, I mean, next year, in 2026, taking into account the production we have in the core process of our industrial activity, plus the operation of the C43, plus the second half of the year where we are going to have a production coming from the retrofitting of Puertollano, and adding the trading activity of this biofuels, plus the commercial side, because you know that we already have 40% of our service stations commercializing this product. I mean, to give you only a reference, not at the current levels of margins, but if we take, roughly speaking, $800. I mean, I'm not giving, let me say, a guidance of prices because I don't have a crystal ball, but if we take $800 per ton as HVO minus UCO margin for 2026.

With all this concept, we will capture EUR125 million of EBITDA. I mean, roughly speaking, because that is not exactly -- it could be a thumb rule, but you could add, roughly speaking, EUR30 million, EUR35 million per every $100 per ton of margin. You have to take into account. Michele, you perfectly know that after investing in Puertollano, we will have a capital employed in this business of around EUR400 million.

So my point is that the business is performing in the right way, and that is -- it's positive. If you ask me if I see the current margins stay for coming months, I mean, the normal situation would be to see some kind of going down of the margins because, I mean, we have had a lot of capacity out in turnaround program and so on in Europe. So that would be the most logical. But I mean there is room to have a pretty good situation in this business.

Going to Venezuela, I mean, let me say that as always, we are always to comply and we comply with all laws and regulations applicable to our operations in Venezuela. You know that we are still there. We maintain our presence and production in Venezuela. We are producing gas for the domestic market. It is our main activity in Venezuela. And I could confirm to you that we maintain and we are keeping going, maintaining a constructive and fully transparent dialogue with the US administration at the moment to try to ensure a stable framework for our activities.

I mean, and when I say a stable framework for activities, this framework, of course, includes viable mechanisms for monetizing our production. So I mean, I'm not going to say that the situation is okay because you know the difficulties that, in political terms, the country is experiencing, but let me say that I could confirm that we maintain this constructive and transparent dialogue with all the authorities, of course, including the American authorities.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Thank you very much, Michele. Our next question comes from Alejandro Vigil at Banco Santander.

Alejandro Vigil - *Santander Bank - Analyst*

Hello, thank you for taking my questions. The first one, and I'm very curious about this strategy update in March. Probably I'll have to wait for March to have more details. But you can elaborate about the reason for this update and on potential moving parts of this strategic update?

And the second question is about distributions. I agree that you are delivering these distributions in line with your ranges, but considering the strong cash flow this year and potentially good expertise for next year, is there a potential upside in your share buyback program of EUR700 million? Thank you.

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Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Gracias, Alejandro. I mean, I could confirm that -- I mean, this strategic update, that is a terminology discussion as always, is irrelevant Alejandro, what I'm going to say, but I mean, I prefer to talk about the Capital Markets Day because the strategy is defined and the strategy is written on the stone. And that means that the priority is going to be the shareholder distribution as we defined in February 2024, plus the strong balance sheet for Repsol because for us it's very important, and a prudent CapEx, transforming and pushing in the growth process of the company, but that is going to be the priority of the strategy that is going to go on from next March on.

So what is going to be the target? So you can't expect, let me say, surprises because these three principles are going to be defined and written in a stone. Saying that the Capital Markets Day is going to try to give you, because I mean, things, metrics are changing in two years, and giving you a clarity about '26, '27, and '28 years in terms of all kinds of operational and financial metrics. That is the end of the Capital Markets Day we are going to call for March.

But again, the strategic principles are written on the stone. First, distribution for our shareholders, strong balance sheet, and a prudent net CapEx. That's -- I mean, if you allow me, Alejandro, probably, and you were right, the consensus of the market six months ago would be that we had problems to deliver this prudent CapEx in net CapEx terms because the perception after 2025 and the first, sorry -- 2024 and the first month of 2025 for the market could be, and you were right, that the CapEx effort was very high at the beginning of this strategic plan.

That was right because we were, let me say, paving the way for the growth, for the project where we were investing in, and we were taking advantage of the negligible debt we had at the end of 2023 for launching this view. But as you can see, I mean, at the end of September, net CapEx is at a figure of EUR2.5 billion. And again, the target we have is EUR3.5 billion for the end -- by the end, but I said, of 2025. But my ambition is to be below this figure this year.

And next two years, if you take, and that is going to be, roughly speaking, what I have in mind, a figure close to this EUR3.5 billion in 2026 and 2027, you could see that we are going to be in the low low range of the net CapEx we defined in the range for our strategic plan, EUR16 billion -- EUR19 billion. Today our view is that we are going to be at around EUR16 billion in this period.

So we are going, let me say, to elaborate, having more all these figures that you could see in the figures of this quarter, that we are on track of going in this direction. So what you could expect in terms of a general framework of distribution, and I said priority, we are going to be, of course, in the range of what you said.

And you could be sure, Alejandro, that in the current program, in the current market conditions, is going to be delivered also next year. So, but of course, I prefer to wait and talk about that in March in the Capital Markets Day, but we are going to be in the range defined.

And if we see a higher cash flow from operations, and that could happen in the current environment, what you could expect, of course, is going to go, better said, in that direction. Gracias, Alejandro.

This year's share buyback-- Alejandro, I forgot it. I mean, if we take EUR6 billion and we are in the higher range, [EUR30 million, EUR35 million] of this, of the range, I mean, it's true that we are going to have probably, as I mentioned before, a higher refining margin. What I'm seeing for this fourth quarter in terms of Repsol refining margin is going to be probably in the double-digit. Is how I see the refining margin of Repsol in this fourth quarter, a double-digit.

But if you take this figure -- I mean, we could add, let me say, probably speaking, $200 million more to the expectations we had, the guidance we had before, It's true that the dollar-euro exchange rate is showing us a weaker dollar. So that is, I mean, reducing a bit also the cash flow from operations for our businesses, and slightly weaker

Henry Hub comparing with the EUR4 Mbtu of last guidance, I mean, all in all, it could be possible to be above these EUR6 billion I mentioned before as guidance, but the figure is going to be negligible. You are going to understand that if we are EUR100 million, 140 million above this figure, I mean, we are not going to open a program of EUR40 million, EUR30 million, or EUR50 million.

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So I mean, we prefer to say that is over the year 2025, and we talk about that in March, but always under the same principle we are applying now. Thank you.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Thank you very much for your question. Our next question comes from Alessandro Pozzi at Mediobanca.

Alessandro Pozzi - *Mediobanca - Analyst*

Yeah, good afternoon all, and thank you for the questions. The first one is on the refining margin outlook. You mentioned the spot prices into the double-digits. What is your view for the rest of the year and going into 2026? Do you think the current, say, strength is driven more by lack of products, , or is it concerns around the availability of diesel maybe in 2026, so more of a panic buying right now?

The second question is on capital allocation. Clearly, Customer is delivering much better results. As you look at 2026 and 2027, what do you think are the areas of the business that can give you a better return and where you can probably increase CapEx in the next couple of years? Thank you.

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

I mean, starting by your first question related to refining margin, of course, let me underline that it is evident, but I'm going to repeat that I don't have a crystal ball. But analyzing from our experience and the facts and the indications we are seeing in the market, I'm going to jump a bit into the unexplored arena of seeing what is going to happen with the refining margins.

So first, current evidence. I mean, as of today, this year we have $7.1 per barrel in our system. This month in October, this figure is at around $9.8 per barrel. And this week, I mean, what we are seeing is something in between $12 to $14 per barrel. That are facts.

What is behind that? My perception is that we have two drivers, and both drivers pushing in this direction: demand and supply. Supply is crystal clear. I mean, new refining projects in the Atlantic basin, they continue facing delays and operational problems. You know Olmeca in Mexico, my perception is that the problem of Olmeca is not going to be solved in the short term, so that could go on next year.

Dangote is having operational problems that are going to be probably solved by 2026. In the midst, we have seen -- I mean, everything we talked about that, remember in February when I said that we were seeing, roughly speaking, 1 million barrels a day of discontinuing activities in refining in the world. I mean, in Europe, Wesseling in Germany, Lindsey and Grangemouth in the UK, they are close or on track. In the case of Lindsey, Houston and Los Angeles also in the US, Dalian in China, Osaka in Japan, Kwinana in Australia. I mean, all that is going to add more than 1 million barrels a day of less production.

We said that new projects this year, they were going to be slightly above 1 million barrels a day, but with the operational problems I mentioned before, in the case of Dangote and Olmeca, this figure is lower. And I mean, there is a new, let me say, a new fact over the last two, three months that due to the attacks on Eastern European refineries, the best approach we could have today. And again, that is not easy to be reported in an accurate way because, I mean, in a war situation, truth is sometimes hidden, but probably a figure close to 37%, 38% of the refining capacity in Russia has been attacked, and probably a figure close to 25% of the total capacity could be out of operation. So we are speaking about a very important figure that is 1.5 million barrels a day, fully unexpected.

On top of that, we are seeing that over the last two, three years, in a very unfair way for competition, refiners from China, India, and so on, they were taking advantage of not fulfilling the sanctions against the Russian oil. They were buying cheap Russian oil, refining this oil, and putting this product in a very unfair competition way in the European market.

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Thanks to the policies of the European Union and the Trump administration related to enforce sanctions against this unfair way, all that is going to have an impact in the market. I mean, if we go to the demand, I mean, demand is growing, that is also a fact, be 0.6 million , 0.7 million barrels a day this year.

In our markets, we are experiencing a high demand, as you can see in our commercial businesses, and we have to say that -- I mean, we are still, we are not already in the European cold season. I mean, the European cold system is going to increase pressure on diesel.

If we add to that the new ECA regulation in the Mediterranean that are effective from May 1, that are boosting marine gas oil demand, and at the same time, we are seeing that the gasoline is also strong because the new hybrids that they consume, a lot of gasoline and so on.

I mean, again, I don't have a crystal ball. But I'm comfortable. It's not a commitment because it's not in my hands, of course, but we are going to see an average of double-digit, in Repsol this quarter, I mean, a refining margin with a double-digit.

I mean, jumping into the 2026 is more complex, but it -- I could say that the $6 per barrel we saw one year ago for 2026, I mean, we are going to be clearly above this figure. Probably the first quarter, we are going to experience a similar situation that we are going to experience the fourth quarter of the year.

We could see probably in the second half a more normal market in terms of supply, but all in all, I think that, I mean, seeing margins of, I don't know, $7 to $8 per barrel over 2026 is not going to be a surprise for me.

Going to the capital allocation on the 2026, 2027, we are going to see, I mean, good results and improvement, clearly speaking in the upstream. New barrels, Leon-Castile already in operation; Alaska, that is going to start the operation at the end of the first part that I've said of the first quarter; UK, where the improvement is going to be clear.

So better margins, new barrels, more production, 570,000 barrels a day, roughly speaking. We will clarify this figure in the capital market day, that we are going to be at around this figure and a clear improvement in the upstream.

Going to the industrial, as I mentioned before, a better buyers' margin, Puertollano, the retrofitting in operation. A higher refining margin. And I mean, I know that there is and I have a concern related to the chemical business because the performance and what we are suffering in the market is very negative. We have a competitiveness program that we are enforcing, new margins, reduction of energy cost, cost reduction.

On top of that, we are going to see Sines, so the derivative chemical, even in this acid margin, adding at around EUR80 million of new EBITDA in a year. We also have the ultra-high molecular weight polyethylene plant in Puertollano. So all in all, the commitment I have with my board is that next year in this acid margin scenario, so with no, let me say, tailwind pushing margins, we could be EBITDA neutral in 2026. And we will have in 2027 a positive result in the chemical business.

Again, at the current bad margins environment, of course, any tailwind coming from the point of view of margins is going to improve this figure. In the customer, growth is going to go on because, I mean, it's not because of market situation, it's structural, because we are entering new businesses. Retail, power, and gas. It's a new business where we are growing. We already have EUR200 million of EBITDA and growing 3 million customers this year.

Probably next year we will be at around 3.5 million customers. That is -- or we could be close to this figure, but we have a clear growth roadmap. We are growing in lubricants, in aviation. I mean, if you check the figures in Iberia, we are in historical flights, overcoming year after year the figures we have. We are growing in the non-oil, as I mentioned before, so this EUR1.4 billion of this year is going to be a figure close to EUR1.5 billion of EBITDA in this business by 2026.

And I mean, you see in low carbon businesses, I mean, in power generation, you could see that we are improving the result. We will see ups and downs, but there is a clear structural trend. Why? Because we are reducing our cost, our unitary cost, because we have a business

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to operate more gigawatts. And month after month, we are adding new production. So the unitary cost is going to be reduced in coming months and in coming years.

On top of that, with difficulties at the beginning in the US, but the rotation business, the rotation game is going to go in the right direction because the projects we have, Outpost has a higher PPA than Frye, Pinnington has a higher PPA than Outpost. That means that things are going in the right direction.

These nine months, if you take the total concepts, you could see that this business is close to being neutral in cash terms. I mean, that is not going. It's not structural. We are going to have in coming months, I mean, capital needs for this business. But we are not going to be far in the period of Capital Market Day define to see that this business could be able to grow with a minimum capital commitment from Repsol because it's starting to work the model. So my point is that this EUR 3.5 billion is going to be deployed in a prudent way.

In these businesses, reducing let me say, slightly fourth in the E&P because the projects are already on track. In the industrial business, we will put in track the projects I mentioned before, customer business, I mean, is investing the investment level in intensity is lower than in some other businesses. And in the case of renewable power, this effort, let me say, has an asymptotic direction towards being neutral in cash terms. Are we going to achieve this target in 2026? Probably not. But this time, it's not far. So thank you.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Biraj Borkhataria, RBC.

Biraj Borkhataria - *RBC Capital Markets Inc - Analyst*

So first one, just on refining. I might have missed this, but I understand you have no maintenance in Q4, but if you're able to give a bit more detail on the first half of '26. Just thinking about your ability to capture $13, $14 refining margins over the coming months if that was to persist?

And then second question is just on the financials. There is a very significant difference between P&L tax and then the cash tax you pay and the gap seems to be getting wider. Just trying to understand if there's any particular reason why those two numbers won't converge over time? So any color there would be helpful.

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Thank you, Biraj. I mean, going to your first question, I mean, let me say that this quarter, in 2025, what I have in mind is that we are only to turn around 1 crude unit in Puertollano and the visbreaker. Visbreaker with my whole respect to this unit because its fuel production is negligible in Tarragona. So that is going to be the only turnaround campaign this quarter.

If we go through 2026, what we have in the program. I mean, except in some hydro-desulfurization units, some catalyst changes and so on that are negligible in base terms. The only large turnaround campaigns are Coruña that is a smallest of our refinery where we are going to have the conversion unit maintenance.

That is going to stay for something between 40, 50 days in 2026. And in Petronor, we are going to maintain the coker. And the coker would stay out of service for 40 days more or less. I mean that is the only -- any kind of a significant maintenance campaign neither in Cartagena nor in Tarragona, as I said before, some catalyst changes and hydro-desulfurization unit, but I mean nothing relevant. And let me say that if we see this historical -- what is programmed -- unprogrammed could happen.

I hope that -- and I expect we could cope with any incidents in this sense. But when we analyze the historical terms in its historical terms turn around campaigns is going to be a quite soft year in terms of maintenance campaign in coming 15 months.

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Going to your second question, of course, you will check the figure in a more accurate way with our IR team. But there is no -- anything relevant to report related to the P&L in tax and in cash. We are, of course, optimizing, as always, credit tax positions.

You know that because we are investing hard, we have a lot of tax credits because the investment we are developing in some jurisdictions, I don't know, the UK and some others because the loses of the past. And probably in the whole year 2025, we could have a figure close to EUR 800 million at the end of the year. But again, we are trying to optimize these figures and trying to use the credit tax positions we have. So, that's clear.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Our next question comes from Guilherme Levy at Morgan Stanley.

Guillem Levy - *Morgan Stanley - Analyst*

Two questions from me, please. The first one, thinking about the next steps around the listing of the E&P subsidiary in the US. You, of course, started to talk about a potential reverse takeover process. So wondering if there are any particular features that you would like to see in a potential target to be taken over in the US? Is exposure to either gas oil or to any particular basin would be preferred?

And then second one, also in the US, can you provide us some color in terms of the hedges that you currently have on gas prices over the coming quarters?

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Thank you, Guilherme. I mean, we are preparing the company for being ready for a liquidity event in 2026. As I mentioned before in July, liquidity event could mean first an IPO, a reverse merge with a company listed in the US, a new private investor entering Repsol. So, I mean, that's the broader meaning of liquidity event.

And again, for me here is more important the road and the journey than the end. That means that we are putting all the effort, first, in having a better upstream with better barrels. We are delivering in terms of improving the portfolio. We are in best countries in better jurisdictions with better barrels.

When I say better barrels, in terms not only of more sustainable barrels, but also in terms of higher cash flow for operation per barrel. We are putting on track the projects, that is very important. In a period that has been complex in terms of inflation and so on in the market, we have been able to put projects on track. That is happening, happenedin September with Leon-Castile, and it's going to happen in the coming three months with Alaska.

So that is the full focus of the company in this sense. On top of that, we are working internally in all the requirements, I mean, reporting and so on, to be prepared for any event in this direction. But again, we are not in a hurry. We don't need any proceeds coming from this liquidity event.

We are seeing that day after day we are improving the quality of our upstream. That means that we will be prepared alongside 2026. We are fully aligned with our partner EIG in this strategy. And of course, we will be ready to take advantage of any opportunity in the market, but not being in a rush, not jumping any opportunity that could appear on the horizon, and having crystal clear that maintaining the control on the 51% of the stake in this business or consolidating this business is a red line for Repsol. So we are going to own in this way.

Going to some color about the gas, I mean, in 2025, we have 55% of the volumes hedged already with a collar with no cost, $3, $6.1, so capturing all the value, guaranteeing the $3 million BTU and capturing all the value up to $6.1.

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Next year, if we go to the first quarter, we have a 20% of the production in the first quarter, in a collar, $3.5, $12.3. That's a surprising figure, but I mean it was done with no cost. That means that we are guaranteeing the $3.5 per million BTU and capturing all the price to $12 per million BTU.

On top of that, we have a collar over the whole production of 2026 covering a 52% of the production with a floor of 3.2and capturing the value up to $5.1 million BTU. And in 2027, we have already a hedge at 12% of the production that is with a floor of $3 and capturing the price up to $5.8 per million of BTU.

So let me say as I summarize. We are comfortable because we are guaranteeing a minimum that is going to give us a return we expect in the gas production we have. And on top of that, we have plenty of room to capture any upside appearing in the market.

Guillem Levy - *Morgan Stanley - Analyst*

Thank you.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Our next question comes from Ignacio Doménech at JB Capital.

Ignacio Doménech - *JB Capital - Analyst*

Hi, yes, thank you for taking my questions. Just a question on asset rotation, both on upstream and on renewables. So starting with upstream, there was some news regarding potential asset rotation in Pikka in Alaska. So I was wondering if you are comfortable with your stake there or you're planning to dilute part of the exposure to the asset. And then in terms of asset rotation in Spain, just wondering if you've seen any change in appetite, just thinking about the 700 MW portfolio you are trying to rotate. Thank you.

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Gracias Ignacio, thank you. So going to your first question, I don't have any appetite to divest in the upstream business. We are comfortable with the position we have in the upstream business. We are an oil and gas company. We are adding barrels. We are adding new barrels. And probably then you say that Alaska is a company-maker asset. In terms not only of because the barrels we are going to start producing in 2026, but because the potential growth that this asset, in Pikka, Quokka and so on, could have around the current production in lands and fields that are already in the hands of the JV we have with Santos.

So, I mean, we have always to consider any option because, I mean, the portfolio has to be managed. But today I don't have any appetite to dispose or divest Alaska. And I need, let me say, a real very high figure to consider any option for that because, I mean, we are very happy and we are very close to the first oil.

So we are going to start monetizing this asset in 3 months. So we will consider, as always, any option in any asset, but today we don't have any target and any appetite to divest any asset in the upstream of Repsol.

Going to the renewable asset rotation in Spain, I mean, we are seeing a positive appetite. It's curious because if you analyze Ignacio, and you perfectly know Spanish renewable business, we have been able to rotate in a very successful way all the processes we have had over the last 4 years. I remember that the last one happened 8 months ago, roughly speaking, with Greencoat in a basket of assets that, what I have in mind, was that they were at around 400-500 megawatts in Spain.

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And we are seeing a very high appetite for these assets because, I mean, today 400 MW new operational production in wind in Spain is quite a scarce asset because you know that wind is able to capture the prices over the whole day, capturing also high prices in some parts of the day. And the advantage of the minoritary part of this basket of assets, that is solar, is that the PPAs are already there and are very good PPAs because they were negotiated in the, I mean, 2 years ago, roughly speaking, in the high peak of the energy crisis in Spain and Europe, when there was a strong appetite to negotiate PPAs.

So very good assets, with very good PPAs, with a very good mix of wind and solar. And I mean, for an investor, it's a real attractive asset. So probably in the case of Outpost, I think that we are going to be able to monetize or to cash in. Probably we are going to be there before the end of the year. In the case of these assets, we will close with a high probability the transaction this year in 2025. And I prefer to be prudent because of the authorization, competition and so onwe need, in terms of permits, probably the cash-in could enter in 2026, but in any case, the expectations are very positive. Thank you.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Thank you very much, Ignacio. Our next question comes from Irene Himona at Bernstein Société Générale.

Irene Himona - *Société Générale Bernstein & Co LLC - Equity Analyst*

Thank you very much. Hello, Josu Jon. Just one quick one from me. I understand some of your disposal proceeds are from selling tax credits, and I'm not sure I understand myself how that works. How would it influence, for example, the future economics of those projects, if you can perhaps elaborate a little bit?Thank you.

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Thank you, Irene. I mean, all the assets we have in the US, they are covered by the IRA. Not only the current ones, but also the rest of the assets we are going to develop because we have in Safe Harbor 3 gigawatts more in the country. So that means that we shape, let me say, much more in terms of the support of the IRA.

And in the case of how it works, there are two ways to monetize this support: the PTC and the ITC. The ITC is some kind of upfront cash coming from the tax administration that is, I mean, in the range of 30%, 40% of the CapEx, even 50% in some places because it depends on if there are industrial cleaning areas and so on. The support, the local support, is higher. And in some cases, you have what is called the PTC. The PTC is some kind of a continuous payment for 10 years in your operation, but you could monetize up to 50% in that upfront payment of this PTC.

And in the case of Outpost, this EUR185 million, something like that, that appeared, roughly speaking, are the part fitting with this upfront payment coming from this PTC. So it's quite complex, Irene, because some projects have the ITC, some others the PTC. Take the message that all of them, they are going to have official support in the range of 30% to 50%. And if you need more granularity about these projects, of course, be sure that the team of IR will be ready to give you more clarity about that again. Thank you.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Our next question comes from Matthew Lofting at JP Morgan. Please, Matt, go ahead with your question.

Matthew Lofting - *JPMorgan Chase & Co - Analyst*

The questions first, I wondered if you could add some thoughts and color on what you're seeing in the market on light-heavy spreads and the sort of the cost-effectively of the feedstock basket in the refining business. Just thinking about that in the context of the moving parts

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in the market at the moment. Looks like some debits and credits, more barrels coming from the Middle East. On the other hand, some of the constraints around Venezuela, etc., that you talked about earlier and what all that means for the outlook on the premium over the benchmark.

And then secondly, just as I wanted to pick up on the earlier points that you made around CapEx. You talked about the low end of the range on the 4-year plan. I just wonder whether there's a case and a sort of a need to be more ambitious on medium-term CapEx reduction below that range rather than the low end in the context of moderated upstream prices now versus early 2024, areas of the low carbon value chain and the economics of that being still more challenging, and probably greater geopolitical uncertainty in the macro backdrop than was the case when you did the CMD 18 months ago. Appreciate the thoughts there. Thank you.

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Thank you, Matt. I mean, going to the -- it's true that this third quarter and one of the factors impacting in a negative way in the premium of the refining margin, that I mean, it was pretty good, $0.7 per barrel, but we expected a bit more, was the scarcity of heavy crude oil in the Atlantic basin. And the main factor was the reduction of the exports of Maya crude oil from Mexico in this summer.

The potential, let me say, reasons or problems behind this decision, they were left behind. And this quarter we are seeing more Maya in the market, so probably we are going to see higher discounts for the heavy crude oil.

On top of that, I mean, the rest of the crude oil, I mean Colombia, Canada, what comes from the Middle East, I mean the Basrah and so on, they are entering in our system. Also, I mean, the small amounts coming from Italy, Albania, and so on.

So my perception is that this component of a refining diet is going to be better in the fourth quarter than in the third one. In the case of Venezuela, it's clear because, I mean, you perfectly know that the constraints in the market are higher, but what we could see could be a more favorable environment this fourth quarter compared with the third one, mainly because the Maya crude oil could be the driver of change.

I mean, we will talk in the Capital Market Day, about the CapEx effort and so on, but again we are comfortable with the figures I mentioned before. If things are worse, there is plenty of room to reduce this figure. In the case of, I mean, if case of seeing low oil and gas prices, that is not the case today, and we are not seeing that. We have the unconventional buffer, so the E&P could reduce the effort, but we are not now there. We don't want now to reduce the effort because we are seeing good prices and good returns.

You see that we have been able, not because of a CapEx reduction mindset, but because we prefer to be prudent, guaranteeing the returns in the decarbonization of industrial assets we have reduced the hydrogen ambition in almost two-thirds by 2030, comparing with the figures we had two years ago in our ambition.

We are also prudent about the future of investments in renewable fuels in Spain. We are analyzing a third project, and probably that is going to be done, but we want to guarantee that this project is going to have returns, and we are analyzing this option.

You see that we are also being very prudent in the development of and guaranteeing the returns of the renewable power generation. So my point is that the situation is different. We have reduced our CapEx in a significant way because we want to guarantee returns. And in case of need, we will be ready to do it.

But today we are comfortable in these figures because, as I mentioned before, the distribution to our shareholders we commit is guaranteed under this scenario. The balance sheet is strong, and we could modulate the CapEx in this effort. Thank you, Matt.

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Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Thank you very much, Matt. Our next question comes from Naisheng Cui at Barclays. Please, Nash, go ahead with your question.

Naisheng Cui - *Barclays - Analyst*

Thank you, Josu Jon. Two questions from me if that's okay. The first one is on data centers in Spain. I understand you also do some data center things as part of your business. I wonder if you can add a bit of color on that. What's your view over there on the sector?

Then the second question is just to clarify on the $2 billion investment target for the year. I understand you mentioned earlier there's no appetite to divest any upstream asset, but can you get to the $2 billion by just divesting the remaining US and Spanish assets, please, the renewable ones? Thank you.

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Thank you, Nash. I mean, first, I'm not an expert in data centers, my first disclaimer. Secondly, if I have to imagine a place in Europe where you need to have data centers, computation capacity, and so on, and energy is an important driver, and renewable energy is an important driver, it seems to me that Spain is the right place to develop this data center.

So from this point of view, I'm quite positive about the possibility to develop this data center. We are not a data center operator, so we are not going to invest in this business. What we are doing is, because there is an appetite from investors to be in data centers in Spain, we have an asset that is Escatrón, a CCGT with 800 megawatts of power in operation. And because of the current regulation, we could use the connection permits of this asset to promote around this asset an equivalent figure, in our case, 800 megawatts of wind hybridization with this CCGT plant.

For that reason, we acquired an early pipeline of 800 megawatts of wind assets in Aragon, in this region, that is going to be developed sometime between 2028, 2029. So that means that we have the unique opportunity to develop wind assets in Spain that, as I mentioned before, is a very valuable production. And we could use half of this figure, 400 megawatts, to feed with renewable power, combining with the CCGT, a potential investor in the area.

And what we have is, we have water in the area because you know that this kind of CCGTs, they need the refrigeration cooling processes. We have land, we have a good connection, fiber in IT terms, in this area. So what we are going to do is to sell the right to develop a data center in the area to a potential promoter, and on top of that, we are going to provide this data center with PPAs with self-consumption, combining the wind and the gas.

So we are seeing this as an opportunity. I mean, we are going to monetize an option we have. And what we are seeing is that there are a lot of people interested in these assets. So it seems to me that today there are a lot of people ready or interested in investing in Spain in this business. But again, Nash, I mean, if you need more clarity, of course we have our team at your service. My comment related to your question.

I mean, when we go to the figures, as you can see in the first months, we got the figure of EUR1.3 billion by September. I mean, I'm taking EUR1 billion of divestments plus the EUR0.3 billion additional coming from, I think, EUR100 million roughly speaking from Gallo project. Gallo project is the first rotation we did in Spain at the beginning of the year. But because we retained the 51%, it is not in our accounting as divestments, but you can see the cash-in entering in our accounting.

And on top of that, we have the $200 million coming from the PTC I mentioned before of Outpost. All in all, EUR1.3 billion by September. We expect EUR300 million more coming from the rotation of the US. I mentioned before, Outpost, and the cash-in is going to be, we have very high probability, before the end of the year. All in all, EUR1.6 billion, that is going to be enough to reach this EUR3.5 billion net CapEx.

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And as I mentioned before, what could be out in cash-in terms of this year, 2025, is the rotation of these 700 megawatts in Spain that, because of the permitting and other processes and so on, could be probably closed but not monetized before the end of the year. In any case, because we have been more prudent in gross CapEx terms, we are going to be below this EUR3.5 billion. That is my ambition before this EUR3.5 billion of net CapEx by the end of this year. Thank you, Nash.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Thank you very much.

Naisheng Cui - *Barclays - Analyst*

Very clear. Thanks for the clarification.

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Thank you, Nash.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Thank you, Nash. Our next question comes from Henri Patricot at UBS. Please, Henri, go ahead with your question.

Henri Patricot - *UBS AG - Analyst*

Yes, we could probably have one. I have two questions please. The first one, I want to come back to the comments you made on the customer business. You mentioned on track to reach the EUR1.4 billion, maybe that this year and maybe close to EUR1.5 billion in 2026, but actually you're already very close to EUR1.5 billion over the past 12 months.

So I was wondering if you're just being a bit conservative on the outlook for 2026 or if there was some exceptional performance over the past 12 months and in the third quarter in particular that would explain why we should expect a slower growth in 2026.

And then, secondly, on the Puertollano advanced fuels plant, which you now plan to start up in the second quarter and have the first contribution in the second half of 2026. If I'm not mistaken, you were previously flagging startup in early 2026. Wondering why it's taking a bit longer and if there's a risk of further delay of this project.

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Henri, going to your first question. I mean, EUR1.4 billion of EBITDA, that is going to be the year. Cash flow from operations will be at around EUR1.2 billion, roughly speaking, this year.

I mean, I think that I'm not conservative. I'm ambitious for 2026 when I say that EUR1.5 billion of EBITDA is our target. Why am I, let me say, ambitious? Because the target we are achieving now for customers in the retail and power business in terms of EBITDA are the targets we had for 2027. So we are anticipating, to use the delivery of the strategic plan. Is this performance exceptional?

I mean, I don't think so. I think that it is structural. I mean, if you take what has happened with our customer business over the last 10 years, from 2016, 2017, we have doubled the EBITDA figures of this business, and we are developing this effort year after year. That is not because of ups and downs in the market, because we have had ups and downs over these 10 years. It's structural.

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And the reason is, first, new businesses. I mean, an EBITDA that was not there and now it's there and it's growing. When I say new businesses, mainly I could talk about power and gas. I talk about lubricants that now we have an international footprint. We will talk about the CAES. I mean, this kind of business developed around energy efficiency that is also new.

On top of that, I mean, we have almost 10 million digital users of our app Waylet. That is a unique position, not only in the energy sector in Spain, in the retail leadership in Spain. So we are becoming a leading retailer in the country with more than 3,500, almost 4,000 sales points, with 24 million customers including Spain and Portugal, with that digital leadership.

So it's structural. We are growing this business. Of course, we will have better and worse situations in the market, but let me say that with EUR1.5 billion of EBITDA, I'm feeling quite comfortable. And in this sense, I think that this is ambitious.

I mean, if you take the EBITDA of this business and taking into account the investment level in this business, that, I mean, it's also growing because we are growing in the gas and power business and so on, you could pay almost 60-70%, two-thirds of the cash dividend of Repsol could be paid by the free cash flow of this customer business. That is always hidden because we are always talking about Brent price, and we have price, refining margin, but the reality of this business is there.

The retrofitting of Puertollano, I mean, it's going to be in operation at the end of the first quarter. So, there are some, no, there's, I mean, no material delay, perhaps some weeks of commissioning the project, but that is not, let me say, material in a complex industrial project like that. It is on budget. It is going to be finished at the end of the first quarter, and in the second quarter of 2026, it's going to be fully operational. Thank you, Henri.

Henri Patricot - *UBS AG - Analyst*

Thank you.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Thank you very much, Henri. Our next question comes from Paul Redman at BNP Paribas. Please, Paul, go ahead with your question.

Paul Redman - *Exane Bnp Paribas - Analyst*

Hi, yeah, thank you very much for your time. Two, please. The first one is just on the EUR3.5 billion of CapEx you're talking about. I think it's for next year. How much divestment is included in that, and will the cash-in from the Spanish sale be included in next year's or this year's divestment target?

And then secondly, you mentioned earlier, Josu Jon, about a possible EUR1.05 dividend for next year. I see that's in between your EUR1.03 and [EUR1.1] dividend guidance or range for 2026. I just want to understand how you get to that EUR1.05, what we need to think about. Thank you.

Josu Jon Imaz San Miguel - *Repsol SA - Chief Executive Officer, Executive Director*

Thank you, Paul. I mean, going to your first question, that is net CapEx. The gross CapEx is going to be higher. What we are seeing clearly speaking about rotation today are mainly these 700 megawatts of Spanish assets I mentioned before, that is going to be cashing in 2026, plus probably Pinnington in the US, that is going to be partially in operation at the end of this year 2025. But we are not yet in the process of rotation and so on because you know we have to prove, let me say, the operation of the assets. So that probably is going to be in 2026.

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And I don't have in mind any other disposal now, but you know that we always are analyzing our portfolio in a dynamic way. But you are right, this figure is a net. Gross is going to be higher, and we will give you more clarity about that in the Capital Market Day of March.

Going to the dividend, I mean, as I mentioned before, and I'm sorry for not having the possibility to be more precise, but you are going to understand why. This year, the dividend has been EUR0.975 What we have in the strategic plan is that the total amount distributed in cash is going to increase by 3%. So there is a first effect of a 3% growing of this figure.

But on top of that, the absolute amount is growing, and we are going to have less shares in 2026 than the shares we had at the beginning of this year. Why? Because we are going to redeem, and here is where I can't be more precise because we are still in the process of acquiring the shares in the share buyback process. But probably, I mean, we take the prices and so on, we are going to cancel a figure that is going to be close. And again, disclaimer, it's going to be close because this must effect to a 4.1%.

When I take the 3% plus the 4.1%, we arrive at a figure that is going to be close to EUR1.05. We will have full clarity about this figure at the end of the year, knowing exactly the number of shares redeemed. But we are going to deliver, and we are going to do what we commit in our strategic plan in terms of distribution. Again, that is an important target, and what we said on that is going to be delivered. Thank you, Paul.

Pablo Bannatyne - *Repsol SA - Head - Investor Relations*

Thank you, Paul. That was our last question today. With this, we will bring our third quarter conference call to an end. Thank you very much for your attendance.

Operator

Thank you. This concludes today's conference call. Thank you for participating, and you may now disconnect. Speakers, please stand by.

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