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EDITED TRANSCRIPT

REP.MC - Repsol SA Capital Markets Day

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CORPORATE PARTICIPANTS

Pablo Bannatyne *Repsol SA - Head - Investor Relations*

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

CONFERENCE CALL PARTICIPANTS

Michele Della Vigna *Goldman Sachs Group Inc - Analyst*

Alejandro Vigil *Mercasantander SA - Analyst*

Sasikanth Chilukuru *Jefferies LLC - Analyst*

Alessandro Pozzi *Mediobanca - Analyst*

Biraj Borkhataria *RBC Capital Markets Inc - Analyst*

Guilherme Levy *Morgan Stanley - Analyst*

Alastair Syme *Citi Infrastructure Investments LLC - Analyst*

Christopher Kuplent *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

Naisheng Cui *Barclays Services Corp - Equity Analyst*

Pedro Sousa *Caixabank - Analyst*

James Carmichael *Joh Berenberg Gossler & Co KG - Analyst*

Ignacio Domenech *Jb Capital Markets SV SA - Equity Analyst*

Henri Patricot *UBS AG - Analyst*

Marco Cristofori *Intesa Sanpaolo IMI Securities Corp - Analyst*

Alvaro Navarro *Bestinver Securities - Analyst*

PRESENTATION

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

Good morning, ladies and gentlemen, and welcome to Repsol's Capital Markets Day. My name is Pablo Bannatyne, I'm the Head of Investor Relations. I would like to thank you for joining us in person today here in our headquarters in Madrid. A warm welcome as well to everybody joining us virtually this time.

Today, we will present our updated outlook for the 2026-2028 period. This is a refresh of our road map following the progress achieved over the past two years. The event will be led by our CEO, Josu Jon Imaz, who is joined by Antonio Lorenzo, our CFO. The rest of the executive team is also attending this presentation. This opportunity also serves to revise our financial projections under the new reporting model introduced with our full-year 2025 results.

Unless otherwise stated, all the projections shared today are presented under the new reporting framework. As a reminder, all the materials published this morning are available on our website at repsol.com. This is a live streaming event, and the replay will be available once the session has finished.

To make you aware of the logistics, the presentation and the Q&A session is scheduled to finish at 1:00 PM, and this will be followed by Spanish wine.

And without further ado, I leave the word to Josu Jon. Thank you very much.

Josu Jon Imaz - Repsol SA - Chief Executive Officer, Executive Director

(spoken in Spanish) Good morning, everyone, and welcome to this fantastic city of Madrid, people coming from some other places in Europe or in America. I want to thank you all of you for joining us today. And also, I want to extend my thanks to people that is following now via streaming online.

And let me start saying that I like to be very transparent and share with you that last week, I had significant doubts about whether today was the right moment for this Capital Markets Day. We were talking about that some minutes ago, Michele. And especially given the complexity of the current environment, and I won't pretend otherwise. However, after careful consideration, we ultimately decided to move forward.

And the driving force behind our approach was that the belief about the Repsol robustness and the solid foundation on which the company stands. So in this challenging and ever-changing times, we feel that it is especially important to demonstrate that Repsol remains resilient even under prudent scenarios. I mean, decoupling what is happening this week in the world.

Repsol is well-positioned for solid ground and is increasingly less dependent on a volatile external environment. We are confident that now is the perfect moment to showcase the strength and adaptability that define Repsol. So thank you once again for being with us today.

And in this presentation, we are going to go on our progress over the last two years. And we are going to update the strategic lines of the company and the targets we have for 2027 -- 2026, 2027, and 2028.

To begin with, Repsol is today a leading, fully integrated multi-energy company with EUR32 billion of capital employed and more than 80% of this capital concentrated in the Iberian Peninsula and in the US, our two core markets. We serve more than 24 million customers. We hold a 20% energy retail market share in Spain and Portugal, and we operate with a high degree of vertical integration in our company.

After the strong delivery in recent years, Repsol is now a more profitable, sustainable, and predictable company. Our integrated model and everything behind this diversified portfolio allow us to generate cash across cycles, providing resilience in lower price scenarios.

In Upstream, we reshaped over these years, our portfolio into a higher-quality and more focused business. We produced at around 550,000 barrels of oil equivalent per day and increasingly concentrated in the US and delivering higher margin and lower emission barrels.

Our Industrial area is anchored by our position as a Tier 1 refining system in Europe with around 50% of the total refining capacity of Iberian Peninsula and supported by a growing low-carbon fuels footprint.

In the Customer business, we are leading multi-energy retailer market in Spain and Portugal, with almost 3,800 service stations, and we have developed new streams of profit, and this business now contributes around one quarter of the group's total cash flow from operations.

In the Low-Carbon Generation, the renewable generation, we have built a growing and profitable business with 7.5 gigawatts of operating capacity and a successful story of value delivery.

And let me say, most importantly, Repsol is now a company capable of generating more cash and materially improving shareholder remuneration in a disciplined and sustainable way, something the market has recognized with Repsol leading the industry in total shareholder return in our sector in 2025.

So over the last two years, 2024 -- sorry -- in 2024, 2025, we remained fully committed to the strategic foundations of the plan we presented two years ago. And more importantly, we delivered on those commitments. We prioritize attractive and committed shareholder distribution, providing certainty and predictability to our growing dividend. And this, while maintaining a strong balance sheet and protecting our credit rating with capital discipline, always at the core of our strategy, at the core of our plan.

Over the period, we generated EUR11.2 billion of cash flow from operations. We invested EUR7.8 billion on a net basis, and we returned EUR3.6 billion to our shareholders. The cash dividend increased by nearly 40%, complemented with share buybacks to reach the higher end of our strategic cash flow from operations distribution range. This strong delivery provides a solid starting point and more importantly, a high visibility on cash flow generation in our company.

Let me now walk you through our strategic outlook for 2026 to 2028. Starting with the macroenvironment that it seems to me that we are going to have a lot of questions after this presentation about the macroenvironment.

We see better fundamentals in our two core markets. Economic activity and energy demand are expected to remain solid in Iberia, so Spain and Portugal and in the US, which together represent more than 80% of our total capital employed.

Power demand is also set to grow strongly. The share of renewables in the generation mix will continue to increase, while natural gas will play a key role to stabilize the system for years to come. In addition, the decarbonization requirements for transport value chains will continue to drive demand for low-carbon fuels.

Our planning assumptions are based on a Brent price of \$65, a Henry Hub of \$4 per million MMBTu, and a refining margin in our system at \$6.4 -- \$6.5 per barrel. This scenario is broadly aligned with the market consensus and forward curves prior to the recent geopolitical developments.

Repsol is well-positioned to manage volatility, thanks to the integration level we have and the diversification of our business mix.

As in our 2024 update in February 2024, we have also run a lower scenario confirming our ability to deliver on our priorities even in a more stressed market environment. You can see in the slide the acid -- or lower scenario.

With this macro context in mind, over the next three years, we will remain fully committed to the pillars of our current strategy, adapting our road map to an evolving environment. We will continue to prioritize distribution in our strategy while preserving a strong balance sheet and CapEx flexibility.

Our focus will remain on businesses and geographies where we can generate superior returns, where we have the right to win. The expected growth in operating cash flow will be supported by projects that are already on stream or close or near to completion. Higher free cash flow and distributions will be supported by the transition to a more normalized CapEx cycle. Low-carbon investment will be modulated in line with market dynamics, always with our rigorous capital discipline and focus on areas where our right to win is crystal clear. And finally, we will complete the transformation of our Upstream business open to new optionalities and a potential liquidity event.

The businesses priorities that support our capital allocation are clear. Under this update plan, we aim to deliver cash flow growth with high visibility, consolidating our new business platforms and leveraging our strong position in Spain and Portugal. Upstream will continue to prioritize free cash flow generation. And this target, this aim will be underpinned by disciplined execution and an active management of optionalities, including a potential liquidity event and our current exposure to Venezuela.

The Industrial division will remain a core cash generator for the company, strengthening competitiveness while further developing our low-carbon platforms in the Industrial side, I mean. Customer will extend its track record of cash flow growth, consolidating an advantaged multi-energy model through scale, efficiency, and client-centric expansion. And low-carbon generation, we will transition our model towards self-financed growth in renewables following the build-out phase of recent years.

The strength of our portfolio is reinforced by our advantaged exposure to the Iberian Peninsula and the US because you know that Repsol is an integrated energy leader in Spain and Portugal, where we have 50% of our total capital employed, and we generate more than 55% of our total cash flow from operations.

Both countries, Spain and Portugal, are among the fastest-growing economies in Europe, which translate into resilient and growing energy demand that has consistently outperformed our expectations over the last years.

At the same time, the Iberian Peninsula benefits from structural advantages in low-carbon generation, world-class solar and wind resources, combined with increasing power demand that provide the foundation for disciplined self-financed growth in renewables.

In the US, we have 30% of our capital employed, and we generate already in that country more than 20% of our operating cash flow. This market provides a compelling backdrop for value-driven Upstream execution while it's growing power demand and resource base support the development of our renewable portfolio in that country.

Our position across core markets underpins the high visibility of our cash flow growth, which I will now walk you through. Under our planning assumptions that you can see in this slide, cash flow from operations is expected to increase by 20% compared to 2025, reaching EUR6.5 billion in 2028. This improvement, I mean, under the same, of course, commodity price basis is grounded on new projects coming on stream and a balanced exposure across commodities and market dynamics.

The Upstream division, the conventional Industrial business, and Customer will be the main sources of positive cash generation. Low-carbon platforms will progressively increase their contribution as previous investment begins to deliver cash flow.

From a geographic perspective, by 2028, approximately the 80% of cash flow from operations of a company will be generated in OECD countries, with Iberia and the US as main contributors. The cash flow generated by our renewable fuels and power and gas integrated value chains will increase from the current EUR0.7 billion in 2025, I mean, to more than EUR1 billion in 2028.

To further reinforce our growth ambition, we have structured a comprehensive competitiveness improvement program expected to deliver EUR500 million of pretax cash flow from operation per year from 2028 onwards, comparing with a 2025 baseline.

Our capital allocation framework remains broadly consistent with the framework we presented two years ago in 2024, adapting, of course, our investment plan to the features to the characteristics of the next delivery cycle. Our commitment to competitive and attractive remuneration remains a key priority. We will increase the funds distributed as cash dividends by 3% per year. And this will be, of course, as we mentioned, two years ago, complemented by share buybacks, to reach a total distribution of 30% to 40% of cash flow from operation over the period. We will preserve the strength of our balance sheet, ensuring our current credit rating.

Our financial framework is defined to withstand even stressed market conditions. Net CapEx is expected to range between EUR7.5 billion to EUR9 billion, reflecting in some way a normalization of the investment cycle. We will retain flexibility within this range, depending, of course, on macro conditions and the maturity of the opportunity set, always preserving our distribution commitment. This plan, because I mentioned, as you could see, you could listen as I said, net CapEx term because this plan includes EUR1 billion over the whole period of proceeds from portfolio management.

The 3% annual increase of the funds that are allocated to dividends is written in stone. This will be complemented by buybacks, bringing total distribution to our target distribution range. As a result of the capital reductions that are associated with these buybacks, the dividend per share will increase by 6% to 9% per year over the period. I mean, combining the 3% growth of the total amount of the cash dividends plus the reduction of shares coming from the buyback. And of course, all that is going to be subject to the operating cash flow variability and share price evolution depending on these two factors, we will have growth of 6% or 9% year after year.

The investment plan has been designed to balance value-driven growth and capital discipline. We expect an average net CapEx, as I mentioned before, of EUR2.5 billion to EUR3 billion per year. This level represents, as you can see, a material reduction from the EUR4 billion per year we invested in 2024 to 2025, reflecting a transition away from a period that was a period of elevated capital intensity.

We are, in some way, going to a normal cycle that if you compare, of course, with the historical cycle of Repsol, I mean, it's quite intensive in capital, but it's different of what we experienced over the last two years.

Upstream will account for one-third of our annual investment as major projects in Alaska and the Gulf of America are already largely invested and the development of Campos 33 or Raia in Brazil will be mostly self-funded because the joint ventures now, as you know, they accounted by the equity method and the impact on consolidated CapEx and debt of this project will be limited.

The share of Industrial CapEx will increase to 40% to 50% of the company, driven by higher investment in low carbon, which is projected at around EUR1.5 billion over the period. CapEx in the Customer division will represent 15% to 20% of the total investment of the company, and low-carbon generation will account to 5% to 10% of net CapEx. And this reduction reflects the evolution of our renewables model towards largely self-financed growth, supported by operating cash generation and proceeds from asset rotation and tax leases.

Geographically, approximately 90% of CapEx will be allocated to our two core regions, Iberia and US, and only a 7% of investment will be deployed in non-OECD countries, and we will maintain around 30% of investment in low-carbon businesses. This will ensure continuity of our decarbonization ambition adjusting capital intensity to value-driven opportunities and appropriate market conditions.

All business segments with the exception of industrial/Low-Carbon are expected to be at least net free cash flow neutral over the next three years. This includes Low-Carbon Generation division from the renewable power side, which will move into sales efficiency over the period with the business in Spain, generating already positive free cash. This balance profit highlights the diversification and resilience of our financial framework.

Overall, we expect to generate EUR9 billion of free cash flow over the period and in the lower scenario with low commodity prices and low refining margin. I mentioned before, the free cash flow remains resilient at around EUR7.5 billion.

Let me underline that our plan is fully financed without placing pressure on the balance sheet. Over the next three years under our central scenario, we expect to generate EUR18 billion of cash flow from operations that they are going to be complemented by EUR1 billion of proceeds from portfolio management and a potential financial flexibility of up to EUR2 billion.

Shareholder remuneration is expected to total EUR5.5 billion to EUR7 billion in the central scenario or EUR4.5 billion to EUR5 billion under the lower case. CapEx will represent 50% to 60% of cash flow from operations with flexibility to adapt depending on macro conditions and project maturation. The ROACE is expected to reach 12% in 2028.

I will now walk you through the strategic priorities and metrics for every of each of our business divisions. We are going to start with Upstream. Repsol's Upstream today is the result of our successful transformation that we launched in 2019, which prioritized value over volume and leveraging on the flexibility of our portfolio and higher operational efficiency. We now have a linear, more predictable, and more profitable business with a focused presence in the US and some other international key basins.

Our resource base totals 4.1 billion barrels of oil equivalent of 2P and 2C reserves. Since then, we have reduced operating cost by -- since 2019, I mean, by 13%. We have increased cash flow per barrel by more than 40%, and we have reduced our geographical footprint from 18 countries where we operate in 2019 to 10 producing countries today.

Importantly, we have achieved this -- all these targets while having reduced our emissions per barrel by more than 80% versus 2016 in line with our strategic target of going on decarbonizing our carbon footprint.

This journey was reinforced in '22 with the incorporation of our strategic minority partner with a 25% stake. And for the next three years, more than 80% of investment will be allocated to the US, broadly split between conventional and unconventional assets.

Production assets, they are expected to grow by 6% to 10% to an average of 580,000 to 600,000 barrels per day in 2028. So we have a growing history in our Upstream. And this growth will be supported by derisked projects that are already producing or the case of Alaska that are close to first oil. These new barrels with a lower-carbon content are expected to contribute around \$30 of operating cash flow per barrel by 2028. And this is roughly twice the margin of the legacy portfolio we have today, including consolidated entities and joint ventures.

Let me highlight that these figures don't take into account upsides such as Venezuela. So these figures, I'm presenting here in production terms and so on, they don't include the upsides that are going to come from Venezuela. And beyond organic growth, we maintain the optionality around a potential liquidity event, ready to pursue strategic transactions if and when opportunities arise.

In the US, we expect to invest EUR2.5 billion, increasing production by around 28% versus 2025 to an average of 230,000 - 240,000 barrels per day in 2028. The US continues to play a central role in our portfolio, delivering growth and value, underpinned by the ramp-up in the great state of Alaska and the Gulf of America together with an increasing contribution from unconventional.

The first phase of Pikka will achieve, as I mentioned before, first oil before the end of this month, reaching 80,000 gross barrels per day in the third quarter, I mean, there is a ramp-up phase in coming four months. And the project is expected to contribute 30,000 to 35,000 barrels per day by 2027 and 2028 net to Repsol.

In parallel, we will continue de-risking of the current exploratory position we have in the region, in the North Slope region with excellent perspectives in Quokka and Horseshoe and subsequent development phases have the potential of doubling our production in Alaska through the next decade.

In a conventional production, we are well-positioned to capture the strong North American gas outlook maintaining scale and with a current breakeven below \$2.1 per million of BTu. We will work to continue improving our operating model and upgrade this asset case.

Outside the US, our portfolio offers an attractive international footprint with material upsides. Production is expected to average 350,000 to 360,000 barrels per day by 2028 outside the US. I mean, including joint ventures.

At the consolidated level, CapEx is estimated at EUR0.5 billion in these international regions outside the US until 2028. And this figure largely represents the CapEx incurred by our consolidated entities, including Libya, Norway, Algeria, Peru, and operated assets in Bolivia. As most of the investment incurred by joint ventures will be self-funded by their own cash generation and nonconsolidated debt.

In Libya, let me underline the stabilization of the country. That is allowing us to reach last year our highest production level since 2012. In this context, we expect Libya to continue playing active role as a sustained cash generator for Repsol with relevant production, adding opportunities, and increased exploration activity.

Moreover, we are continuously improving the profitability of our JVs. In the UK, the strategic alliance with NEO Energy and TotalEnergies positions the resulting entity as the leading operator and producers in the UK continental shelf. Over the horizon of the plan, our objective is to unlock value through operational synergies with disciplined financial execution.

In Brazil, the development of Raia, the former Campos 33 is expected to reach first gas in 2028. This gas project with a significant liquids content has the potential to supply 15% of the country's total gas demand and production is expected to reach a peak of 40,000 to 50,000 barrels per day in 2030 net to Repsol.

Finally, let me underline again the figures presented don't include any acceleration activity in Venezuela, that is going to happen, but it's not included here. That is an upside of this plan. We have been operating in the country since 1993, and we are ready today to deploy resources and scale up operations fast and consistently.

I think that a new and positive horizon goes open in Venezuela in January and the current legal framework opens a significant opportunity for Repsol to contribute to the recovery of Venezuela's oil and gas sector. And Repsol is prepared, is ready to contribute to the recovery of the country.

As a result of the activity -- of this activity, the Upstream division aims to increase cash generation supported by disciplined capital allocation and the addition of new high visibility volumes. The share of liquids in our production mix will reach 38% by 2028, consistent with the contribution of liquids-rich developments in our pipeline. We expect our reserve replacement ratio to remain around 80% over this period

of three years. And this figure is going to be boosted by Venezuela as the new situation may create an opportunity to move forward with projects that have been on hold. So 80% is the baseline, not including Venezuela, and Venezuela could help us to increase this recovery of these reserves replacement ratio over the period.

At our commodity price deck, cash flow from operations will increase by almost 40% versus 2025. Over a period, the business will invest EUR2.6 billion to EUR3 billion and generate around EUR4 billion of free cash flow. The cash flow margin of our volumes, including joint ventures, is expected to increase by 30%, driven by the new barrels coming on stream and an improved production mix with a higher liquids content.

Moving now to the Industrial division. Repsol operates a highly competitive industrial system, including world-class assets in Spain, Portugal, and Peru. We have a Tier 1 refining system in Europe with five refineries in Spain optimized as a single one, and our operations benefit from resilient demand for transport fuels in Iberia.

We have also become Spain leading producer of advanced biofuels reaching 0.6 million tonnes of production in 2025. Over the cycle, this division has maintained a sustained strong financial performance, and this has been underpinned by a structurally healthy refining margins together with an ambitious plan to reduce emissions and transform our legacy complexes into decarbonized multi-energy hubs.

The strategic lines remain focused on maximizing value in the conventional business and consolidating the renewable fuel platform built in Iberia. To deliver on this, we keep working to reduce the breakeven -- increase the resilience of the chemical business and enhance the role of trading.

At the same time, we will continue scaling our renewable fuels platform with a clear right to win while strengthening and expanding our Hinterland. Resilience and growth will be driven mostly through more efficient operations and increasingly competitive trading activities. We target an additional \$0.6 per barrel reduction of the refining breakeven over the period by 2028, driven by increased energy efficiency, operational excellence, optimization, and digitalization.

In chemicals, the start up of the Sines upgrade in Portugal is expected in the third quarter of the year, reinforcing profitability at this point of the cycle by expanding margins through the differentiation of this business. The relevance of the trading business will increase within our portfolio as we continue to develop capabilities, expand our geographic footprint, and increasing the use of optionalities in portfolios and value chains. As a result, the cash flow from operations generated by trading and wholesale gas trading is expected to double in the period compared to 2022.

Turning to the renewable fuels. Repsol is currently the largest HVO and SAF producer in Spain. We are -- in fact, we are already producing the 10% of the SAF produced in Europe. And we are one of the leading players in Europe. Our production is highly integrated with our refining, which provides advantage processing costs.

More than 90% of our HVO volumes are marketed through our own commercial channels. Feedstock availability secured through the participation we have in Iberia West and our JV with Bunge in Iberia. Demand for this fuel is expected to increase strongly at an annual rate of 10% to 15% until 2030, accompanied by supportive price spread and attractive production economics.

Over the next three years, we will continue to strengthen and mature this position with competitive advantages to increase cash flow contribution and benefiting from a growing market supported by the regulatory framework in Europe.

In hydrogen, we have a clear and robust business case from the projects approved and for the upcoming FID expected in the first half of 2026 in Tarragona. And beyond this project's perspective for further growth, we think that we have to evolve in line with regulation market and project-level economics.

In circularity, Ecoplanta currently being built in Tarragona is a flagship project with its own technological complexity that positions Repsol in a leadership position in this emerging space. It will be the first industrial scale plant in Europe to produce circular methanol and advanced

biofuels from treated municipal urban wastage and that is going to create a high-value solution for hard-to-abate sector such as maritime transport.

Over the horizon of this update, we expect industrial cash flow from operations to increase by 40% compared to 2025. And this growth will be driven by a higher contribution from low-carbon fuels and trading the start-up of Sines upgrade and the efficiency and optimization measures across refining and chemical businesses. This division will continue to be a major cash contributor for the company generating approximately EUR3.3 billion, EUR3.4 billion of free cash flow over 2026/2028 period. Around 40% of the CapEx in these businesses is going to be deployed in low-carbon platforms.

Production capacity of advanced biofuels is expected to reach 1.5 million tonnes per year by 2028 while renewable hydrogen capacity is expected to reach 0.3 gigawatts equivalent. Both segments will continue scaling through 2030. These revised targets reflect the slowdown and pacing of certain investments to ensure we meet our return threshold and to ensure that capital is deployed only where we can create value.

Turning now to the Customer business. Repsol is the leading energy brand in Spain and Portugal, serving more than 24 million clients, of which 11 million are digital across a network of 3,800 service stations. This division has a solid track record of cash flow growth and value creation, and we expect to maintain this growth pathway in the close future.

Over the past two years, sales of product transport fuels recovered to pre-pandemic levels, non-oil margin increased by 21%, and our multi-energy offering reached 60% of our network. Further to this, we added over the last two years, 800,000 clients in power and gas retail surpassing the 3 million mark last November. As a result, cash flow from operations increased by 32% over 2023 to EUR1.2 billion and anticipating by two years, remember the target we defined for 2027 in our previous plan.

To 2028, we will accelerate value creation under the same strategic guidelines, boosting profits, and expanding our commercialization platform beyond energy. The strategy continues to rest on the same pillars, strengthening the core business, consolidating our multi-energy and multiproduct proposal, and scaling new growth opportunities. To achieve this, we will leverage customer experience, digital, AI, and of course, our people.

Core businesses remain the main source of cash flow in this Customer business, of course, with a clear priority on protecting our leadership while enhancing efficiency and margins. We are going to continue growing in power and gas retail, supported by this multi-energy advantage, physical channels, and B2B sales capabilities.

Finally, our proposition will be enlarged through new businesses like e-mobility and the international expansions of the current lubricants business.

Repsol has developed a very ambitious multi-energy offering that has been around the Waylet app with the aim of providing a differential service to our customers covering all their energy needs. We have translated this commitment into a unique value proposition based on the strength of our brand, our cross-energy capabilities, and unmatched customer access.

Aligned with this ambition, Repsol, we have consolidated our position as the fastest-growing power and gas retailer in Spain, and this growth has allowed us to have an operating cash flow of this business with a growth of 36% compared to the cash flow we have in 2023.

Moreover, we expect to incorporate 1 million additional customers to this retail power business over this period, 2026, 2028, contributing to deliver a cash flow from operations of more than EUR260 million in 2026.

In more mature businesses, we continue to identify and develop new opportunities in our service station network. The non-oil margin has increased by 21% versus 2023, thanks to initiative as the expansion of the company's retail business and the rollout of our digitally enabled cargo service.

In parallel, we have significantly extended our offer of renewable fields through most of our network and NEXA, our 100% renewable diesel, is already available in more than 1,500 service stations. And more recently, we have started the commercialization of renewable gasoline after starting production of this product at industrial scale.

Looking ahead, we aim to maintain our market share in road fuels, continue growing in non-oil, and further scale our multiproduct proposal. And by 2028, we expect to exceed 13 million digital clients, grow our multi-energy customer base by 30%, and extend this alternative to the 80% of our total Spanish service stations network. This strategy will allow us to reach EUR1.5 billion of cash flow from operations, representing a more than 20% increase over 2025.

To achieve this, we will invest EUR1.4 billion to EUR1.6 billion, roughly split between the legacy businesses and the new platforms, and we expect to generate EUR2.4 billion of free cash flow, supported by the low CapEx intensity of these commercial businesses.

Moving now to Low-Carbon Generation. This is a business that we have built from scratch following the acquisition of Viesgo in 2018. Nowadays, Repsol operates 7.5 gigawatts of installed generation capacity across a diversified portfolio of green, solar, combined cycles and hydro, mostly focused on Spain, and the US.

In 2022, we incorporated two strategic and experienced partners in this business with a combined 25% stake. Over 2024/2025, we successfully executed our business model based on rotating assets in late phases of development to crystallize value and limit our financial exposure to this business achieving more than 10% equity IRR.

Moreover, we added 3.1 gigawatts of new renewable capacity over the period under operation and generated close to EUR2 billion through asset rotation, project finance, and tax credits in Spain and the US.

In Spain, our right to win is clear, driven by strong local presence, vertical integration and a set of attractive optionalities like Aguayo II, that is a pump storage project or the Escatrón plant to serve data center demand.

We will continue developing our premium pipeline with an industrial model, focusing on wind, self-consumption, storage projects, batteries on top of Aguayo's new pumping storage facility, hybridization, and vertically integrated projects and always optimizing financial exposure through rotations.

Over the next three years, Repsol will add 800 megawatts of new renewable capacity, reaching 4 gigawatts under operation in Spain in 2028. CapEx deployed in our Spanish pipeline will be based investing selectively on high return opportunities.

We will also maximize the value of our combined cycles and explore alternatives to unlock attractive opportunities with our Industrial and our Customer businesses. This strategy will be executed with -- in Spanish case with our net CapEx close to zero because asset rotation, I mean, we have a lagging effect coming from the last year, will offset the investment. To 2028, we expect to generate an accumulated positive free cash flow of EURO.6 billion in this business in Spain.

In our international portfolio, we will maintain a strict capital discipline and control exposure to the US. In the US, we have a high-quality portfolio under development with up to 7.3 gigawatts with safe harbor conditions under the IRA framework.

Investment will be concentrated on top-tier projects with clearly defined limits to our financial exposure. Returns will be highly dependent on project quality, and accordingly, we will develop our pipeline with focus on projects with secure safe harbor and strong visibility of returns.

At the same time, we are preserving option value in our broader pipeline, providing flexibility to accelerate when market conditions become more attractive. Our commitment in the US is to limit our net CapEx in the US to EUR0.5 billion to EUR1 billion over the horizon of this update and this is a hard selling, which will not exceed. And under this disciplined framework, we expect to have more than 2 gigawatts of operating capacity, incurring a net free cash flow deficit in the US between EURO.4 billion and EUR1 billion to 2028. So as a part of our value optimization strategy, we are also evaluating the potential incorporation of additional investors at the platform level in the US.

To summarize, the key message for this division is clear. This business will be self-financed over the next three years. We are going to grow with the financial resources of this business. And this represents a critical inflection point as the business transitions from cash consumer to cash generator, moving from build-out phase to disciplined growth.

By 2028, we expect to reach approximately 9 gigawatts of global renewable capacity under operation, excluding combined cycles, and this implies adding on average around 1 gigawatt per year, maintaining our objective of generating an equity IRR above 10% in new products.

Cash flow from operations is expected to reach EUR0.3 billion in 2028, supported by a more major asset base and the start-up of new capacity. Net CapEx, as I mentioned before, will be capped at EUR0.5 billion to EUR1 billion with Spain being largely self-financed and final figures may, of course, vary within this range subject to macro conditions, strategic priorities, and project attractiveness.

Finally, our strategy to reduce carbon intensity remains based on the same strategic pillars with a firm commitment to becoming carbon neutral by 2050.

In 2025, that is important because, I mean, talking about the future is easier than talking about delivery. In 2025, we delivered our key near-term decarbonization target, achieving a 15% reduction in our carbon intensity indicator, so our carbon footprint, including Scope 3 of our products.

Looking ahead, we are modulating our trajectory to reflect current market and regulatory conditions, adjusting our 2030 target to 25%. At the same time, we will continue to make tangible progress across our broader decarbonization targets to minimize the carbon footprint of our operations.

To summarize, we believe this update reinforces Repsol's attractive investment proposition that is built on the pillars of growing returns, yield delivery, and capital discipline. Anchored in the strong execution achieved in recent years, we are also positioned to consolidate this trajectory through 2028.

On growth, cash flow from operations will increase materially underpinned by projects in advanced stages of development and structural efficiency gains, and moreover, our diversified and integrated portfolio will allow us to cope with adverse scenarios preserving cash flow generation during the period.

Second, shareholder distribution. We will distribute 30% to 40% of cash flow from operations through a combination of cash dividends and buybacks. A total of EUR3.6 billion will be allocated to dividends, and all that will be complemented with buybacks to reach our targeted distribution range. As a result, and I underline again, the dividend per share will grow more than 6% per year, more than 6% to 9% depending, of course, of cash flow from operations and the price of the share.

Finally, we will execute a disciplined CapEx plan, following a high investment cycle associated to development of projects that will deliver cash flow in the horizon of this update, our CapEx intensity will normalize over this period 2026 to 2028. As I anticipated in some way three weeks ago when we were presenting the results of fourth quarter and anticipating the figures of net CapEx by 2026, I mean, there was some clue about this normalization.

In low carbon, we will evolve our model pacing investments aligned with market conditions, focusing on opportunities where we have a clear right to win. Based on the financial targets presented today, our plan is expected to deliver material improvement in key per share value metrics.

Let me explain this slide that I like a lot. On an annualized basis, the operating cash flow per share from \$65 a barrel will increase by more than 10% year after year. The net free cash flow will increase by 12% and adjusted net income of the company will grow by 12% through 2028.

And that is important because, I mean, today, we are seeing the geopolitical events and so on, but the life is long, and we have to take into account every scenario. I mean, if we take the low scenario of this plan, the \$55 a barrel, the resilience of this plan is underlined by the fact that at this lower scenario, most of the per share metrics, I mean, the cash flow, net free cash flow, and the adjusted earnings are in line with the levels delivered in 2025, even under this asset scenario. So that is a proof of the resilience of this plan to maintain the commitments I was defining and expressing before.

To conclude, the foundation of our long-term strategy remains firmly in place. Our consistent delivery against key strategic priorities underscores our ambition to deliver differentiated growth with a multi-energy approach. Our legacy businesses are stronger and more resilient, while new sources of profit are emerging and will contribute materially to 2028 and beyond.

Our portfolio has continued to evolve and improve. We have today a more competitive Upstream, a distinctive position in low-carbon fuels in our Industrial business, and a Customer division that in some ways is the hidden beauty of the company because it's already accounting for 25% of the group's cash flow.

And at the same time, we have built a platform in a quick way over the last six years in low carbon generation, that is transitioning to a cash-generative business and is shaping a part of the Repsol's future.

So as a result, Repsol is a company capable of generating higher cash flows and delivering a committed material and predictable improvement and shareholder distribution. The targets defined in this update consolidate this progression, and we will work to ensure that by 2028, Repsol is an even more efficient, more profitable and more sustainable company than it is today.

With that, I think that this is enough. And now I hand over to Pablo, who is going to take us through the Q&A session. Thank you very much for being here.

QUESTIONS AND ANSWERS

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

(Event Instructions) Michele, Goldman Sachs.

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

Congratulations on what has been quite an extraordinary 12 months. I wanted to focus on the E&P division. When you created the joint venture with private equity, you were thinking about transforming the business, and it has been transformed. It's more focused geographically, it's longer life, higher growth and higher margins. How do you think about the next stage of transformation?

Clearly, there is the potential for the liquidity event, which could add scale. But how are you thinking about, for instance, leveraging on the changes we are seeing in digitalization and AI? Does that bring you more towards exploration with maybe better success there? Does it bring you more towards a shale where you can get more productivity improvement, more enhanced oil recovery? Do you think that shale could become a global business outside of the US?

Or do you think that the US should remain the core of that business? How are you thinking strategically of the next transformation there?

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

(spoken in Spanish) I think that you, I mean, summarized in a perfect way. The strategy for Repsol Upstream business. So first, you define that we are in the midst of this transformation, and we are going to go on in this transformation. Remember that we have in mind, we still

have in mind this liquidity event. But we are going to choose the best moment to -- for this opportunity because, I mean, we don't want to rush.

We are not in a hurry. Day after day, we are improving the quality of our business. So our partner, EIG and Repsol, we are convinced that what we are doing is getting and transforming to have a better Upstream. So from this position, I mean, we are going to go on in this pathway and of course, looking for potential opportunities.

Next steps. First, putting on track all the projects. I mean, those days, Lapa Southwest is going to be producing at the end of this month. Alaska, we have a tough and challenging ramp-up process in Alaska in coming three, four years. Wells are performing in the right way. So we hope that that is going to go in the right direction.

We have the strong optionality of Venezuela, and Venezuela because you can say, why don't you include Venezuela in all these metrics? I mean, first, because we want to put a base case but from the conviction that we have a strong upside because our business in Venezuela. 10 days ago, we received all the licenses from the American administration we need to be in the country to operate, to commercialize our products. Now we are in the phase of adjusting a small contractual thing. We are ready to start increasing our position in the country.

We rely on the capacity of this new Venezuela to perform in the right way. And in metric terms, we maintain the commitment I expressed in the White House two months ago. We are ready to increase in 12 months our oil production in a 50% in Venezuela and to multiply by 3 our production in coming three years. And we have the conviction that we are going to be able to do that using the cash flows and the proceeds we are going to get in the country.

So things are not going to change dramatically in terms of we are going to have, of course, a higher cash flow from operations and so on. But in terms of debt, things could be a bit better, but things are not going to change in coming one, two years dramatically, but we are going to increase the production of the platform we have in the country, paving the way for a better future.

On top of that, we go on, working hard trying to optimize our portfolio. The last move in UK is a proof of that. Remember that in November, we announced -- December, the JV with TotalEnergies. Closing process is going to be finished in some weeks. But that is not the end. I mean, it's the second step of our way to go on transforming, improving the business we have in the UK. Exploration is there, starting by Alaska.

In Alaska, we are already working on the FID of Pikka II, that means that after -- I mean, having all the data and so on about the performance of wells, we could be prepared for in coming months next year to eventually take on FID of this Pikka II project.

We have Quokka where the wells are performing in a good way. We have Horseshoe. So now we are engaging an exploration campaign in Alaska. Alaska could be, in some way, a company maker for Repsol, and we are engaged there. Libya, where we were allowed to be part in two new exploratory wells, one of them onshore in the Sirte Basin and the second one offshore in front of Benghazi that is going to add the [fourth].

We are making and developing new wells and so on, increasing the production. Remember that we finished 2025 with our production close to 325,000, 330,000 barrels a day gross. We expect that this year we were going to arrive to 350,000 barrels a day. And as you mentioned, technology, IT, AI, digital is a part of this transformation.

In the sales side, we are working hard reducing the breakeven of our business, working not only the G&A side, that is part of our efficiency program, but also through the optimization of these production campaigns, thanks to these new technologies.

And going to your last question, I mean, first, I'm not an expert on E&P, Michele remember, I'm the CEO of the company, but my background is more downstream than upstream. But let me be more skeptical in the short term about the capacity of extending the model of the American shale everywhere.

Probably we could see places where that could happen. But remember that behind the success of the unconventional in the US, there is a political stability, regulatory stability. People are investing for 10, 15, 20 years, a very efficient service industry.

So can all that be replicated in some of the geographies in the world? Yes, no doubt about that. But probably it's not going to be, let me say, a universal model for everybody. (spoken in Spanish)

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

Alejandro Vigil, Santander.

Alejandro Vigil - *Mercasantander SA - Analyst*

Congratulations for the presentation. The first question is about Venezuela. What are the implications in terms of this plan in terms of cash flow from operations, for example, of a normalization of the operations in Venezuela just being paid all the production you have there and potential upsides on the plan from this country?

And the second question is about the momentum on cash flow of the company in terms of refining margins, gas prices, probably you have a very strong momentum, which are the implications in terms of buybacks? You have announced the EUR350 million for the first half of the year, but probably looking at the potential distribution, this is the low end of a potential range for the full year, right?

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

(spoken in Spanish), Alejandro. Thank you. Starting by the end of your question, I mean, I'm not naive. I know that -- not the risk, but the implication of having today the Capital Markets Day is that your logical first question will be, okay, you are designing a whole \$65 a barrel. And what happened with the current oil prices, with the current gas prices, with the current refining margin and so on.

First, I mean, as I try always to be, I will be very transparent about that. We prefer to -- I mean, to have this open dialogue with you. And my first reflection is, I mean, going to what is happening in the Middle East, and that is important from the logistics point of view for Repsol. We don't have any exposure -- direct exposure to the Middle East. We don't have assets in the area.

We are not there. We have a small exposure to Kurdistan coming from the former Talisman that some months ago was fully disposed and we are fully out of the area.

In logistic terms, we are an Atlantic company, that means that our crude oil supply that comes from the Middle East is very, very, very low. We have a lighter Arabian quality that is used for producing some lubricants in Cartagena, not more. And we have also some supply from Iraq, some heavy oil coming from the area of [Basra].

But I mean, that is a small part of our slate. So we don't have a significant and strong exposure in the area. That is the first positive view in the mess we are experiencing these days.

Secondly, of course, we have an indirect impact, as you mentioned, because prices are there and commodity prices and margins are there. My first reflection is that we are not investing for one month, two months. We invest for 20 years. I am sure that in coming 20 years in these cycles, we are going to see everything. We are going to see ups and downs.

We are going to see supply restrictions. We are going to see, I don't hope, pandemics. I mean, everything will happen in 20 years and that is a volatile business. So what we are experiencing these days is volatility. And volatility means that, I mean, you have some additional prices that you have to manage, you have to manage first in logistic terms, and we are doing that.

We are guaranteeing and for us, that is a must that the supply of Spain and Portugal is guaranteed because we have the crude oil and the refineries on track to guarantee that. That is an important part also of the functions of Repsol.

And going to this volatility and prices you mentioned. So I mean, first, I think that is too short to say that what is going to be the effect. We have more uncertainties than certainties. I don't know how long this complex situation in the Middle East is going to last. I don't know today what is the real destruction capacity or the real destruction effect of infrastructures in the area, we don't know.

And all that is going to depend of the end of the tunnel. After the end, we are going to need some time to recover. And probably at the end of the road, things are going to go to a quite normalized situation. Remember, the Ukrainian war effect was huge. Today, at the moment, I don't know if that is going to happen or not because I don't have a crystal ball, but the effect on oil prices or gas prices.

In the case of gas prices, we had a strong impact on industries and families and power prices is significantly lower than what we experienced in 2022 in Europe. And seeing this situation, I think that -- I mean, what we have to do is to follow the situation. And of course, we have a very comprehensive and clear enterprise capital allocation framework. If over this period, there is any additional, let me say, cash coming from some external circumstances, our priorities are fully defined.

We have a distribution framework, 30% to 40%. So any impact is going to be reflected in this part. Of course, we will have less tension, let me say, in any disposal program and so on. And what is more important in these volatile situations, we are going to try to use the resources to strengthen our balance sheet because to whether -- to serve these complex situations, I think that reinforcing and having a strong balance sheet has to be a must.

In the case of Venezuela, let me only add a comment, Alejandro, that because what we have in Venezuela are two JVs, the JV we have with Eni in Cardon and the JV we have with PDVSA in Petroquiriquire with the assets, oil production assets in Petroquiriquire. I mean, any impact in terms of cash flow from operations and so on is not going to be a direct effect. It's going to come because the dividend policy of this company.

So what we are going to try to do is, of course, to finance all this effort and that is going to be possible, thanks to the cash flows generated in these JVs and what we are going to see in Repsol SA is the effect of the potential dividends coming from these JVs we have in Venezuela.

But we are -- you are not going to see, let me say, a strong impact in the short term. And for that reason, we prefer to say, I mean, Venezuela is decoupled from these metrics. These metrics are going to happen without Venezuela and with Venezuela, of course, everything could be upside. Thank you.

Pablo Bannatyne - Repsol SA - Head - Investor Relations

Sasikanth Chilukuru, Jefferies.

Sasikanth Chilukuru - Jefferies LLC - Analyst

Sasi from Jefferies. Just wanted to ask regarding your investment cycle. You highlighted saying it's a normalized investment activity going into 2028. If you could talk about the profile of the CapEx and what the CapEx in 2028 is what we should assume as being the right size for Repsol going forward as well?

The second question on -- related to balance sheet strength. You did highlight saying the balance sheet strength is to maintain your investment-grade rating. Just wondering, in your best-case scenario, how you see the balance sheet evolving? And is there any way you can utilize your balance sheet strength as well for additional distributions or maybe perhaps acquisitions?

Josu Jon Imaz - Repsol SA - Chief Executive Officer, Executive Director

I mean, going to your first question, I mean, what is the right size for Repsol? I mean, the question is fully logical. But let me say, only to add that the right size is going to depend on the targets we are going to have for the future. So what is crystal clear is that for next three years, the right size taking into account maintaining our production, maintaining the running and maintenance of our current commercial and Industrial businesses and so on, plus growing in our production in E&P with the new projects plus growing in the new low-carbon businesses in Spain plus finishing our chemical diversification or differentiation plant in Sines.

All that is going to require at around EUR3 billion a year, , EUR3.5 billion depending on the target, I mean, but around EUR9 billion, EUR10 billion of total CapEx over the period. But if we split -- and let me split, what we need to maintain our production plus maintaining our installation and so on, we could say that EUR1.6 billion, roughly speaking, will be running and maintaining in some way and EUR1.5 billion, EUR1.6 billion will be growth.

Probably, I mean, in three, four years, I'm sure that we also will have a growing project. So depending on our growth ambition, we are going to have less or more CapEx. But splitting this CapEx, I mean, even in the E&P, roughly speaking, EUR0.5 billion, EUR0.6 billion could be what we need to maintain this running CapEx. But all in all, in the company, I think that half or 55% of this CapEx will be some kind of run and maintain.

So going to the balance sheet, when we take the current leverage rate is at around 14% of our capital employed. If we exclude leases, we could be at 5%, 5.5%. What we are seeing over the period is that -- I mean, we have the flexibility in what we define as the average scenario, I mean, to be neutral or to increase in EUR1 billion, EUR2 billion because we are going to have a more higher cash flow, so we could surgically have also a higher opportunity for leveraging our position, but things are not going to change dramatically.

We are going to stay there and in the low case scenario, we'll be more prudent, reducing the CapEx effort and because the cash flow is going to be a bit lower, the distribution will be also a bit lower logically. But I don't see, let me say, now a change in the distribution policy of the company.

Probably, if I mean, the cash generation is significantly higher, we will be closer to the higher range and it will -- it is -- I mean, we are experiencing a crisis probably we trend to be lower to the lower range that is logical in order to preserve the balance sheet. But the framework is crystal clear in the definition I did before.

Thank you. I think that is crystal clear. It's up to you to confirm that.

Pablo Bannatyne - Repsol SA - Head - Investor Relations

Alessandro Pozzi, Mediobanca.

Alessandro Pozzi - Mediobanca - Analyst

Two questions. The first one is about the ongoing crisis, clearly, a big impact on heavy-light differentials, on product prices and crack spreads as well and inventories. Can you give us your thoughts about what is the impact of the crisis for the next -- for this year in terms of refining margins, in terms of ability of inventories? You mentioned Repsol has -- is playing a key role in maintaining inventories of crude oil and products.

The second question on Customer. You have a big growth ahead towards 2028 with more than 4 million new customers. And I was wondering if you can give us your thoughts about what's next to 2030 and beyond because clearly, you're probably going to hit some sort of a ceiling staying in Spain and Portugal in terms of market share. Is it becoming a cash cow, the customer? Or do you see growth beyond 2028 new opportunities?

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

(spoken in Spanish), Alessandro. I mean, going to a refining margin and what is happening in spread and margin terms, I mean, to refresh, probably you have in mind similar figures. But as of today, the average refining margin indicator for Repsol is over the year at \$8 a barrel today, the average from the beginning of the year.

In March, the average has been at around \$20 a barrel. Remember that three weeks ago, we were talking -- I think that I used the figure of \$5.4 or something like that. I can't remember the exact figure. That means that we are experiencing -- and what is this situation impacting in the refining business, mainly because we are middle distillates producers. 55% of our production in our refining system are middle distillates, diesel, gasoline and kerosene.

And Alessandro, you take -- and I know that you follow that the spreads of the products you could see, I mean, I don't know this morning now that yesterday evening, the crack of the kerosene was at around \$90 a barrel and so on. So I mean, the impact is very hard on kerosene. So that is a competitive advantage for Repsol.

And secondly, because the effect and the Middle East is more exporting place of diesel and kerosene and gasolines, the effect on the cracks is going to be higher as far as this crisis last in the case of middle distillates. And taking into account that in Europe, we are gasoline exporters.

But as a whole, Europe, middle distillates importer. So Europe is strongly exposed to what is happening now in the Middle East. It's true that in the Spanish case, we are fully even in terms of middle distillates production and consumption, but countries like France that I mean we have two refineries in the French border in Tarragona and in Bilbao.

France, sorry, needs an import level of 22 million, 23 million tonnes of middle distillates a year. This figure is higher than the total production of the five refineries of Repsol in middle distillate terms.

That means that, I mean, our position is unique in some way. And let me say, I'm going to add a comment that I don't know if that is the right place to say that but I think I'm starting seeing some lights in the European institutions and European Commission about the role of the oil and gas and the refining that are fully new because for years, we were, let me say, some forbidden and banned sector.

But I think that it's time to rethink the role of the refining sector in Europe. Because if we talk, and I fully agree with the statements of the European Commission President, von der Leyen, in terms of the strategic autonomy that Europe needs in economic terms, if we need a strategic autonomy, it's crystal clear. And what we are seeing these days is putting crystal clear that we need a strong refining business in Europe.

We need industry, we need refining. We need to rethink the role of CO2 prices for the European industry. That is not true that it is a driver to the carbonized industry. It's not true. It's a driver to shut down the industry and to export industries and to export jobs importing these products and increasing the CO2 emissions in the world.

So I think that what is happening has to serve to do that. In terms of inventories and so on, I mean, Juan Abascal, our Managing Director is there, but we are in a normal situation. We don't have any special problem to get the supply of products we have. It's true that the first days of this crisis, we were prudent and say, okay, we are going to go on selling in a normal way to our customers, but there were some kind of extraordinary appetite from everybody to store product and so on, so we are not going to be part of that.

We are five refineries producing in a normal way. We have a normal supply of the crude oil we need to produce our products, and we have the capacity to supply the Spanish and Portuguese society without any concern or problem in the current status of the situation.

So going to the Customer, I mean, being clear, the mandate that this business has from my side is grow, grow and grow. And you have to use the proceeds of the cash flow for generation of this business to finance your CapEx. And let me say, last year, they were able to have

a cash flow from operation of EUR160 million, roughly speaking. And having a positive free cash flow of EUR30 million, EUR40 million last year.

So I don't know what is going to happen in 2028, but let me say, Alessandro, we are going to go on growing, trying to have probably one of the -- with the ambition of being one of the three first players in the Spanish market from '28 on and we are going to go on in this growing process because we are convinced that we are creating not only value that is crystal clear, a new platform.

And what I said in that message, I mean, when you have the most reputed brand in a country, in energy terms, you have 24 million customers, Spain and Portugal, two countries. You have an app with 11 million customers. You have 4,000 physical sales shops. I mean, the next question is, may we use this platform to do additional things beyond energy? We are in this reflection.

So growing is going to be a must in this business for us, taking advantage of the position we have today.

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

Biraj Borkhataria, RBC.

Biraj Borkhataria - *RBC Capital Markets Inc - Analyst*

So one of the shifts here relative to the last couple of years is CapEx moving from low carbon generation to low carbon industrial in the plan. So could you just give some context on drivers behind that? Is that a view on asset rotations being a little bit more difficult? Or is that just a view of that business getting to sufficient scale and your priorities moving elsewhere?

And then just a follow-up on your comments on policy in Europe. What do you expect to sort of actually happen? Because European policymakers are really good at talking about stuff and then not actually doing much. So what's a realistic outcome there and a timeline? And maybe just remind us what you paid in carbon taxes in 2025?

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

Thank you, Biraj. So let me say that from the very beginning, we said, I mean, we don't have operational commitments in these kind of businesses. We are entering in these low-carbon businesses, either industrial, commercial, renewable power to make money, to get returns because our customers, they are asking for a multi-energy approach. They want molecules, they want electrons, they want also sustainable molecules, and we are, let me say, going in this service to our customers.

What has happened in the low carbon business? So first, again, we are today underlining the ambition to grow in this renewable power business. That is important because you know that nowadays, and I respect, of course, the strategy of every company, depending on the position they have that some companies, they are going back to some of their positions.

We have the ambition to grow. But we know what is happening. I mean, for instance, in Spain, we want to grow more, but I mean, today, investing in the solar in Spain because the current prices curve, the lack of interconnection with France and so on, it's difficult to capture and to get good returns there.

So for that reason, we are limited in Spain, the growth two areas that are very interesting that it's wind, it's self-consumption, it's hybridization, it's the pumping storage facility of Aguayo and some batteries. So there is a limit to this growth? Yes, of course. This is the limit of the projects we could cope in terms of technical growth in some way.

Going to the US, I agree with your point. I mean, what we have is two restrictions. First, the Safe Harbor limit. And let me say that we are happy seeing that we were able to protect more than 7 gigawatts, and that is a significant figure that is giving us also optionalities for the

future. But the financial environment today is not exactly the same financial environment we had in terms of interest rates and so on, we had four, five years ago before the Ukrainian war. So we have limited in some way this growth because our priority is first returns.

So we are going to focus on projects that where we could get this 10% on equity. For that reason, we are limiting to these 2 gigawatts in operation in coming three years in the US. And on top of that, we are also limiting the capital exposure we are going to put in this business in the US from EUR500 million to EUR1 billion.

Why? Because you know that because the protection of the Safe Harbor, we have tax leases of something between 30%, 40% of the project plus an asset rotation is going to allow us to do that. So are we changing in some way our mind? Yes, I think it's my duty to try to adapt what is happening.

Going to the -- and that is an independent history in some way, the renewable fuels, liquid fuels or gas fuels in Spain and Portugal. In this case, after putting in operation Cartagena and producing last year a figure of something 600,000, 700,000 tonnes of this kind of renewable fuels in our installations in Spain.

I mean, we had last year, if we take only the Industrial business, a positive EBITDA of EUR120 million, EUR125 million, roughly speaking, plus the EBITDA coming from the renewable side of the commercial area plus the trading area. All in all, we have an EBITDA of EUR175 million to EUR180 million last year, remembering that at the beginning of the year, we have a significant low margins in the HVO and SAF businesses.

So with that capital exposure, capital employed of around EUR800 million and a part of this capital employed because Ecoplanta and so on is not producing. So it's a very profitable business with good margins. It's complementing our transformation part of our Industrial businesses.

The integration concept is very important for these two businesses. I mean, if we take, for instance, this year, 2025, the production that we have in our renewable side in Spain, is, roughly speaking, fitting with the production we have in -- is a bit lower, but fitting with the consumption we have in our Customer side in the retail power business.

And if we go to the renewable fuel side, what we are producing today is a 50%, roughly speaking, half of the needs of our customers. That means that even with the new projects on track and mainly here the project of Puertollano, that is going to start operating next quarter, we are going to arrive in 2028, producing the 70% of the fuel that our customers are asking for. So there is a pathway to work.

Going to the policy in Europe, Biraj, what I expect to happen, I don't know, I mean, I have my own expectation for that. In our case, I mean, I'm going to your question related to the carbon cost and so on, I mean today, we could be producing -- emitting, better said, in all our Industrial businesses at around 10.5 million tonnes of CO2 but because the benchmarking and so on, we could be paying 2.5 million, 3 million tonnes as a combination, combining the refining and the chemical business. So all -- and CCGTs, of course, I forgot CCGTs.

All in all, combining all that, we could be paying EUR250 million, EUR300 million of this cost. But I mean that is not only for Repsol. I mean, it's for steelmakers, for paper mills, for all the chemical sector. I mean if we analyze what has happened over the last two years in the European chemicals sector, roughly speaking, at 12% of the petrochemical sector shut down in Europe over the last two years. So I hope that the European Commission and European institutions are going to be sensitive to what is happening in the European industry.

And my message will be also that, I mean, I don't know if the European Commission is going to change the rules in the future to promote the competitiveness of the European industry. I mean, CO2 prices in a logical way could go in a down direction, but I mean, I'm not a market expert, but what we expect is that the European Commission could be sensitive to this reality.

Pablo Bannatyne - Repsol SA - Head - Investor Relations

Guilherme Levy, Morgan Stanley.

Guilherme Levy - *Morgan Stanley - Analyst*

I have two related to disposals. The first one, in your strategic plan, of course, you have the EUR1 billion target into 2028. I understand that you are currently happy with your Upstream portfolio. So I was keen to hear more about how to think about the breakdown of this EUR1 billion into 2028?

And then secondly, going back to Venezuela, should we think about Venezuela being a core part of your Upstream portfolio? Just thinking about if everything goes smoothly on this one, and the M&A market becomes liquid again, would you be keen to sell at some point?

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

(spoken in Spanish), Guilherme. Going to the disposals, these disposals, they don't have no name, no surname. I mean we have a portfolio of EUR34 billion, roughly speaking, of capital employed. And I mean, there is -- we are going to have acquisitions and disposals over this time. I mean, small acquisitions, small disposals. We have infrastructures in our portfolio, in the E&P pipes, in the Industrial business and so on.

So there are plenty of potential assets to -- and what we have is we are putting a target to our M&A people to say, okay, you have to do all that, but over the period, you have to have a net cash in of EUR1 billion. That is what is behind. So seeing our track record over the last years, I think that, that is not going to be. It's going to be, of course, challenging, but not difficult to get.

We are not thinking about selling, let me say, core positions in the E&P and so on, perhaps I don't know, pipelines, infrastructures, storage capacities. I mean things like that could be part of this effort. And we will, of course, deliver any move in this direction over this period.

Venezuela, we are comfortable being in Venezuela. We are convinced that since January 3, a new horizon of hope not only in business terms, also in political, social, economic terms for Venezuela was open. We have stayed in the country fully committed in very hard years. We think that we are entering in a new arena, in a new situation. We want to be part of this transformation and this growth of Venezuela.

The Venezuelan government is fully aligned with this target, with this ambition of Repsol. The American government because -- I mean, it's also an indirect player in this because I can't forget that because the American administration made possible this opening to a better and new situation in Venezuela in January is also fully committed to have Repsol in this task.

We have the people, we have the talent, we have the knowledge, we have the resources, we have the fields to do that. We are ready to enter to invest in Venezuela, to grow our production. And I mean disposing Venezuela is not an option today for Repsol. We are committed to this country, growing there. I don't discard, say, if the challenge is very huge in the future, we could require partners and so on in this effort because that is going to depend on the dimension of the effort. But we are fully committed to be part of the growth and the transformation of the country.

And I mean we have to underline that Venezuela needs the revenues coming from the oil and gas. The oil and gas is going to be the main part of the Venezuelan fiscal revenues. The Venezuelan people need this sector to transform the economy and to have a different future. And we are going to fit to this target, and we are fully committed to be part of this transformation.

So Venezuela, let me say that for Repsol in knowledge terms, geological terms, in operational terms, has been for years one of our assets. And we are ready and we are prepared to take advantage of the opportunity that is opening up.

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

Alastair Syme, Citigroup.

Alastair Syme - *Citi Infrastructure Investments LLC - Analyst*

Some macro questions and then one on the Upstream. So the macro, can you just quantify what you've built in, in terms of the chemical margin improvement? It looks like it's probably quite a big part of that industrial pickup in cash flow. And also on the biofuels, you mentioned \$929 a tonne, how do you think about the risk at an EU level on the sort of the price inflation that will push on to consumers?

And then my other question on the Upstream, can I just clarify the red lines that you've had before, which I think is a 51% ownership of that business? And will it be always Madrid-headquartered in Spanish domicile?

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

Thank you, Alastair. Let me say, first, that in the improvement of the chemical business that there are, roughly speaking, EUR200 million, EUR250 million of cash flow from operation improvement over the period. The main, main part probably 75%, 80% comes from measures that are independent on the cycle evolution.

The main driver is, of course the Sines starting point this third quarter. Sines in us even [exit] cycle is going to add a figure close to EUR95 million of EBITDA and EUR120 million, EUR130 million in a more normalized cycle. The plant of ultra-high molecular weight of polyethylene in Puertollano that is going to start operating in the second quarter is going to add EUR20 million, EUR25 million of EBITDA.

On top of these two projects, we have a very tough and challenging program, focusing on variable margins where we are trying to increase the differentiation of our products with our local, when I say local, I'm talking about Western Europe customers in terms of improving the value we offer to them. We have a very tough cost, a very tough program to reduce variable cost. We are changing the logistics of chemical business. We have this summer, some -- I mean restructuring of this logistic impacting mainly in Puertollano, but also is going to change in Tarragona.

There is a part coming from the increase of sales because the cracker of Sines that has been shut down for many times because of the lack of competitiveness, not having the polyethylene and polypropylene new plants in the site is going to increase in a dramatic way. So there are new sales coming from there.

And we are working also under the principle of maximizing the variable cost, I mean, optimizing new streams. We are changing the -- [with a split of] the FCC of Bilbao, I mean I'm not mistaken. I'm talking about Bilbao and chemicals because we are going to increase the production of propylene, sorry, in Bilbao to export to Sines, to feed a part of the polypropylene plant in Sines.

On top of that, we are trying with our neighbors of Dow in Tarragona, optimizing streams and so on to reduce common cost we could have. So main part is going to have from the improvement of the business.

Going to the inflation prices, consumers, I think, first, it's probably too early to have a clarification about that. Let me only say that I don't know what is going to happen in the future, of course, because I mentioned before, we don't have the crystal ball. But today, gas prices, LNG prices being high. I mean, it could be at around 20 -- roughly speaking, \$20 per million of BTu for TTF, NBP and so on, a bit higher.

In the case of JKM, I mean, we have to remember that in the midst of the crisis of Ukraine, the gas prices with a strong impact on industry, families and power prices, they achieved a peak of \$80, \$85 per million of BTus at that time. And probably, I have to check, but prices were for more than one year above \$25, \$30 per million of BTus for the NBP, TTF. I have to check this last figure, but I'm not far from this approach.

So we are fortunately quite far from that situation. I'm not saying that, that is not going to happen because I don't have the crystal ball to know the evolution of events in the Middle East. But today, we are not there.

Going to Upstream. I mean, Alastair, you defined in a perfect way. And you read my mind, yes. For us, today, this 51%, I mean, consolidating the Upstream business, controlling this Upstream business in any case is a red line. It's a red line because we maintain our fully vision that we are an integrated company.

And the E&P, the exploration and production is a core business. It's a core pillar for Repsol. We are -- we want to stay in the E&P business. We are comfortable and happy in our E&P business. We are improving our E&P business, and we are even in this period growing in the production in our E&P business. So this 51% is a red line as you defined, Alastair.

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

Chris Kuplent, Bank of America.

Christopher Kuplent - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

I'm going to try and make you, Antonio, do a little bit of work and ask you whether you can help with the bridge. And I appreciate the last four-year plan is a while ago. But at the time, you were pointing towards EUR8 billion of CFFO in 2027. Today, you're presenting an outlook for EUR6.5 billion in 2028. And I appreciate a lot has changed, particularly your accounting and reporting. So maybe you can help us explain the gap between the two.

And then for Josu Jon, it's been a little while now, a more strategic question. What are your thoughts around the changing competitive space here in Iberia in downstream considering the Moeve, Galp JV prep that we are watching.

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

It's great to see Antonio working, but let me say that Antonio has worked a lot before arriving today here, probably Antonio de la Torre, Pablo, Antonio and the whole team, they are behind this Capital Markets Day. But I mean, let me say that because I don't want to be out, let me say or to avoid answer any question.

I mean, we have to compare. And your question, Chris, is right. But we -- in order to compare both things, let me first say that we have a different reporting model. So we'll have -- we'll check with you the figures later to compare what was the cash flow from operations with a former reporting model and what is exactly the parallelism with the new one.

So first point, we have to consider. Remember that, for instance, we have with the old model -- and I ban myself to talk about the old model. But in 2025, we had a cash flow of EUR6.1 billion, EUR6.2 billion, but with a new model, it's EUR5.3 billion, EUR5.4 billion. So there is a gap that is also projected in a largest way to 2028.

Second factor, I have to check the figure, but it seems to me that the oil price was also different and now is lower, \$65 a barrel in '28 in the projection we do. And third, that is also a consequence of a question that I think that I answered to Biraj or to Guilherme about the evolution of the investment in some parts of the low carbon. In 2027, 2028, we have in the previous plan, more gigawatts in operation, so adding more cash flow from operation. And at the same time, we have more hydrogen projects in a more ambitious pathway.

So from my point of view, these three factors are explaining a main part of this difference. But of course, we could check with you, Chris, exactly the numbers and the figures.

And the hydrogen approach, you know. I mean we want to invest under the conviction that we are going to have returns. And today, we have a clear case to have roughly speaking, 350, 400 megawatts of hydrogen coming from electrolyzers by 2030 because that is going to be supported by the sales of our products in Europe under the principle and the mandate of having a 1% of our sales produced with renewable fuel with non-biological origin and the only way to produce that under the current technology is hydrogen.

So -- but we don't see today that could happen in the future. I mean, we have to be open to a different perspective, but we don't see a business case for increasing this effort for hydrogen in our business. So for that reason, we took the decision of slowing down this CapEx. That is behind what you mentioned, but we could check, Chris, these figures.

So first, let me say that we have good competitors. Moeve and Galp are good competitors. Having good competitors is positive. Seeing a consolidation process in the sector is positive. And what is behind first is that the Iberian market is attractive for the retail fuel business. And that is one of, let me say, of the upsides coming from this transaction and that we are in some way going to have, I mean, another competitor, stronger, consolidated and this is going to help us to have a better delivery and a better performance to our customers in Iberia.

But I think that these kind of things in our sector are positive. When you are in a sector with no appetite, with no people ready to buy, to make transactions and so on, that is not good news. Thank you, Chris.

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

Naisheng Cui, Barclays.

Naisheng Cui - *Barclays Services Corp - Equity Analyst*

(spoken in Spanish) I have two questions on refining, if that's okay. The first one, if you look back for the last 10 days, there were lots of volatilities, uncertainties. Lots of moving parts as well, I wonder how much of the \$20 per barrel spot margin were you able to capture?

And then the second question, looking forward, I think during the Q4 earnings call, you talked about that \$2.5 per barrel premium -- refining premium. I thought that was really good. And you are going to have HVO volume coming online. You are going to have lower, 0.6 breakeven, refining reduction targets over there. Then you are going to have Venezuelan crude oil as well.

How should we think about this refining premium going forward? Do you think this \$2.5 is sustainable?

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

Thank you, Naisheng. So first, the answer to your first question is, yes. I have to check the figures. But I mean, over these months, we have had, roughly speaking, an 87%, 88% of distillation percentage of our refineries and a convert because we had one or two spalling processes in some cokers, a conversion production that could be close to 87%, 88%, roughly speaking. So we are capturing these margins. The answer is yes.

I can't give you a full clue about the premium over the period because, I mean, it's perhaps too early. But let me say that we'll talk about that at the end of April, but my approach is that we are going to be able to half over the period of three months, and that is not a commitment, it's an approach, please, that could be close or even above \$2 a barrel.

Why my expectation is even if we have some problems in February that I explained, linked to some days in Cartagena in some distillation unit due to the fire. And we have storms and bad weather in Tarragona and Bilbao with some -- at the beginning of February with some problems to get the access of supply.

We have two strong drivers improving the premium comparing with our own previous assumptions. First, the level of margins of buyers that is significantly higher because remember that when we talked about the budget of 2026, we took an assumption of an HVO minus UCO margin of \$875, \$850 a tonne. If we take the average of the year as of today, it could be close to \$1,300 per tonne.

So these better prices of buyers plus a better access than expected to heavy oil are going to help us to improve this premium more than offsetting the negative side because the incidents I mentioned before. That's okay. Thank you.

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

Pedro Sousa, Caixa.

Pedro Sousa - *Caixabank - Analyst*

The first one is on your CapEx program. Can you give us a rough figure of how much of that CapEx is tied to projects not yet contributing to CFFO by 2028? There are some projects like in Industrial low carbon that may be hitting your CapEx, but not yet contributing.

And the second on data centers opportunity in Iberia. Is there any possibility over this plan period of Repsol eventually monetizing or accelerating plans to leverage on the potential boom of data centers in Iberia because we are seeing a lot of renewables and utility companies speaking about these opportunities.

You have flexible generation. You actually increased your flex gen with Aguayo II. You have energy management capabilities. You have trading capabilities. Could you eventually monetize this asset or eventually joining a partner in data centers?

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

Gracias, Pedro. Thank you. Going to the CapEx, I have to check and we'll send you the figures more elaborated. But let me say that roughly speaking, we are going to have -- if we have an average of EUR3.2 billion, EUR3.3 billion of CapEx a year, we are going to have at around EUR1 billion yearly that are not going to be generating in 2028 cash flow from operation.

I try to elaborate first, all the part of the exploration that is not going to come, of course, by 2028. The Raia project, that is not in this CapEx, it's in the JV of Brazil that is going to start operating in '28, but is not going to capture the whole cash in the period. In Spain, the Ecoplanta is not going to be in operation. It's going to start operating in 2029. So this part is not going to be there.

The two hydrogen plants or the three hydrogen plants -- better said because probably what we saw, it was 99% of security, we are going to have the FID of Tarragona in coming months. These three projects, they are going to be operational also in 2029.

So it seems to me that all in all, we could have one-third of the CapEx over these years that is not in production on top of Pikka II that, as I mentioned before, Pikka II in Alaska, we could have the FID next year. So we are going to give you a more accurate figure, but that could be, I think that roughly speaking, applying the rule of thumb are quite approach to this data.

Going to the data center in Iberia, I mean, we are open to do and to take opportunities on that. What we see is that the most clear, the clearest opportunity we have is in Escatron. Escatron is in a CCGT, a combined cycle. We have in Aragon in the Northeast part of Spain, close to Zaragoza. What we have there is a combined cycle of 800 megawatts of capacity that is in operation.

And last February, we were allowed under the Spanish regulation to having the possibility first to develop an 800 megawatts renewable new capacity, in our case, win at around that asset. So a new pipeline, and we are starting to work in, and secondly to use half of this potential capacity, 400 megawatts to be used under the rules of self-consumption in terms of tolls and so on.

So because in this area, we have a combination for 24 hours of potential supply without PPA combining the renewable side plus the combined cycle. We have land. We have facilities and we have water -- that is important because these are close to the Ebro River because the system -- the refrigeration systems of the Escatron CCGT.

What -- now we are going to try to monetize this asset, this opportunity, to someone that is going to develop the data centers. So Repsol is not going to be an investor in this data center. What we are going to do is to take the pack and offer this pack to a potential investor to

develop a data center in Spain. So -- and we are -- I think, that comfortable seeing that we are going to be able to monetize this opportunity and probably in this period of time.

And I mean, taking the rest of our portfolio, that because the configuration of restrictions and so in the area. In Algeciras, this is our second CCGT job is here, but I think that, that is no job so evident. So that probably is going to have our opportunity. Thank you.

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

If it's okay for you, we will continue 10 minutes for more questions.

James Carmichael, Berenberg.

James Carmichael - *Joh Berenberg Gossler & Co KG - Analyst*

Just a couple from my side. Just looking at the trading CFFO, obviously, good growth there over the last two or three years, but '25 to '28 that growth is relatively small. So just wondering if you can say how much sort of additional CapEx is needed to deliver that increase in CFFO?

And then looking at the low carbon business in the US It looks like tax equity is obviously a sort of decent contributor to bringing your net CapEx in line with what you're projecting. Most of the disruption has obviously been in the offshore, but could you maybe just give us a sense of the health of the sort of tax equity market in the US?

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

Thank you, James. It's true that, I mean, the growth could be -- I mean, but we are talking about the growth that could be close in our trading of EUR100 million over the period for -- in terms of cash flow from operation over the period.

I mean, it's after years of significant growth, I think that is -- I mean, it's another step in the right direction and with no significant new CapEx exposure because, I mean, we are going to use perhaps a bit more of working capital that could be CapEx. But I mean, all that is going to be contained roughly speaking, in the use of working capital of the business. So being more efficient in some other uses.

So we could have probably a new storage capacity that we could be talking about EUR20 million, EUR30 million, EUR40 million of CapEx, roughly speaking, but with no significant investment. So that is material, small, but it's material and with no significant new exposure to CapEx.

And what we are seeing in the renewal business in the US, so what is important is to have the Safe Harbor for guaranteeing that this tax -- lease tax equity is going to be there. Taking into account the potential projects we are going to develop in some of the projects, we could be closer to a support of up 40% rather than the 30% because some of the projects are in areas with specific local additional support because the needs of jobs and so on in the area.

And we see, let me say, a quite open market for investors that are ready to enter with us in exploiting this tax equity. So we are being able to play this game, if you allow me to use this expression, in the case of Frye, Jicarillas on Outpost recently in the last month with Outpost. And now, I mean, we are quite comfortable about what we have to do on that.

But saying that, our commitment is clear. I mean if we have any kind of restrictions or lack of possibility to go ahead, we are going to restrict the capital. We are going to invest in this business in the US from EUR0.5 billion to EUR1 billion because what is written in stone is the self-financing view that we have for the whole business, including US and Spain for the renewable power business in the period 2026, 2028. Thank you, James.

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

Ignacio Domenech, JB Capital Markets.

Ignacio Domenech - *Jb Capital Markets SV SA - Equity Analyst*

The first one is on the Upstream business. By the end of the business plan, you are increasing a bit the weight of the -- of liquids in the Upstream portfolio. So coming back to the possibility of a liquidity event in the US, should we expect this trend of increasing the liquids in the portfolio of the Upstream business as part of the endgame in the event of a reverse merger?

And still on this possibility, you mentioned before the priority of maintaining or consolidating the Upstream business. So in the event of a reverse merger, could we assume there could be cash consideration to maintain the control of the business?

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

Gracias, Ignacio. Thank you So it's true that we want more oil. But what we have is a strong inertia coming from the projects we have now producing. I mean, because there is, as you could see, an influence of new projects, adding more oil, mainly Alaska, mainly coming from the Gulf and America and so on. But I mean, we still are going to retain a lot of production coming from oil.

In price terms, things are different because if you take our whole production, roughly speaking, I mean, the whole production in barrels of Repsol, a 50% of the production could be -- 45% better said, related to liquids. I mean, either oil or some gas related to liquids, we have 15% with fixed prices, I mean, either local contracts or the methanol price in Trinidad and Tobago and so on. We could have, roughly speaking, 35% of price related to Henry Hub and something between 5% to 10% related to the combination of LNG, JKM, NBP and TTF.

So growing this part of liquids is important but that is not going to be easy, to be done. And it's not going to be, let me say, the main driver in the potential liquidity event because we are going to have more concern about the quality of the company, for instance, of a potential, merger process. Valuation is very important. The quality of management we are merging in some way. And of course liquids is also important, but the competitive position could be perhaps, more important.

And what is -- I want to underline that is that in any case, we are not assuming a cash consideration in a potential liquidity event. Again, we are not rushing on that. We are not in a hurry. That will happen in 2026 or 2027, who knows? Today, we are convinced that we have a better Upstream than what we had three, six months ago.

Probably in three, six months, we are going to have even a better Upstream. So time here is an important driver because we are, in some way, gaining position. But in any case, we are not contemplating any proceeds coming from a merger process or a reverse merger process to be listed.

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

Henri Patricot, UBS.

Henri Patricot - *UBS AG - Analyst*

Two questions, please. The first one, just a quick clarification on Venezuela and whether you're including any payments for your gas in your plan for the next three years? And when would you expect to have visibility on that?

And secondly, coming back to the Upstream CapEx plans, and you mentioned exploration upside, potential FID on Pikka. Next year you have a project in Mexico. Just wondering if you are indeed successful in exploration over the next couple of years, would you be able to accommodate more projects within the CapEx budget that you had? Would you be looking to increase that given the quality of what you could find?

Josu Jon Imaz - Repsol SA - Chief Executive Officer, Executive Director

Merci, Henri. I mean, to be technically precise, when I said we are not seeing any kind of upside coming from Venezuela, technically, and that is a technicality, what we did was to take the 2024 case when we were capturing a small part of ships and cargoes to be paid for the gas and take this assumption over the whole period. So we could have a difference, probably of EUR150 million, when we compare this figure with 2025, more positive in 2024, but that is what is going to happen.

No, I mean we have the conviction and the work of entering in a full new dynamic where we are going to be paid for this gas we produce, either with the condensates, the liquids associated to this gas that we call export oil cargoes. And on top of that, we have a different kind of contract for Petroquiriquire that is not included here. But being technically precise, that is exactly what is in our metrics for your models.

In the Upstream, I mean, first, let me say, and you know that I have -- we have, as a company, to be fully transparent. We have an Upstream CapEx that is in this, let me say, consolidated operation we have, but we have an additional CapEx that is also in the JVs where we don't consolidate. But all in all, probably this year, we will have an additional CapEx in the JVs that could be, in some way, significantly close to EUR1 billion, EUR1.2 billion additional to the CapEx we have in the consolidated businesses.

So that is mainly the Raia project in Brazil, and the CapEx we have in the UK that they are going to be mainly financed because the cash generation of these businesses in these countries. So default is still significative. We believe in our E&P business. And if we have, let me say, projects and we have an evolution of this Upstream, we are ready, of course, to invest more from 2028 and beyond.

And as you mentioned, probably Alaska is going to be the main driver of this growth because -- I mean I think that I mentioned in the speech that if we have a gross production of 80,000 barrels a day -- remember that we retain a 49% of stake in this project, when we apply Pikka II, Pikka II is going to allow us to maintain the production of Pikka I from 2029 on. But when we add Quokka and Horseshoe, we are close to doubling the production of Alaska for the period 2022-2025, roughly speaking.

So Alaska is a good opportunity for Repsol. And on top of that, as I mentioned before, probably we'll have some news on that in coming weeks. We are increasing default in the exploration site in Alaska. So yes, we are ready to look for opportunities. I mentioned Libya also before.

Let me say that Libya, Venezuela, Alaska, what we are doing in the UK in terms of having new opportunities, reducing breakeven and giving us new opportunities to invest in this basin, there could be some of the opportunities we will have in our portfolio in coming years. And on top of that, of course, the great effort of the investment we are making in Brazil and is not in the metrics because the consolidation effect. On top of that, in Trinidad and Tobago, we are going to invest also at around EUR200 million, EUR250 million over the period that are also included under the same principle. Merci, Henri.

Pablo Bannatyne - Repsol SA - Head - Investor Relations

Marco Cristofori, Intesa Sanpaolo.

Marco Cristofori - *Intesa Sanpaolo IMI Securities Corp - Analyst*

Short question on lubricant. BP is divesting from Castrol and yesterday, Shell announced the divestment of a part of the business in the US, while you are saying that you aim to grow internationally. So just to understand why this different strategy? And if you are a potential buyer of lubricant business outside Spain?

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

Graci, Marco. First, of course, every company is different. We have different strategies. I respect strategy of others. We have our local features. I mean, we are probably more downstreamers than some others. In average terms, we are -- we have a strong exposure to Spain and Portugal, I mean, with more domestic markets. So things are different for every company.

So in our case, what we see is that in this Customer business, we are making money. And we have -- in lubricants, we have an operational model for our business. We have a brand that is allowing us to make money in this business in new opportunities outside Spain.

The experience we have with SK in Cartagena, the JV has been very positive for years. The experience we have in Bardahl, in Mexico, where we entered in a JV in 2018, 2019 before the pandemic has been very positive and profitable. We have good returns. Same experience in the Indonesia, Singapore, in the United JV we have, entering in Philippines.

So I mean, we have a model that is working. And for that reason, because we see returns, we are going to work within this model as a part of our strategy, and that is also part of the -- with a prudent CapEx. The road map we have to grow in EBITDA and in cash flow from operations in our Customer business. But again, we are not thinking about -- I mean, I have the figures here.

This year, in 2026, this lubricants business is going to add EUR223 million of EBITDA to Repsol, growing from the EUR174 million we had in 2024. And we see the way to go on, but again, with prudent bets. We are not thinking about buying, let me say, large companies in this business and so on. These small bets are going to allow us to grow with this operational model. Graci, Marco.

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

Alvaro Navarro have one question.

Alvaro Navarro - *Bestinver Securities - Analyst*

This is Alvaro Navarro from Bestinver. Just a quick question about hedging your gas production. I don't know if you continue with that policy, hedging more than 50% of your gas production?

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

Yes, Alvaro, thank you. I mean, as a general policy framework in Repsol, we try to be open and exposed to commodities. That is gas, oil and so on. But it's true, and you are right, we try to do something different in the unconventional in the US. Why? Because it's, let me say, a very industrial market, industrial business.

When you are investing, if you could monetize your production in two, three years and you have a hedge, you could, in some way, guarantee not 100% because sometimes you could have CapEx increases and so on. You are not guaranteeing 100%, but you have a quite close clue about the return you are going to have. For that reason, we go on in this policy.

And roughly speaking, this year 2026, we have hedge in our production in the US with 50% with that color, with output that will be at around \$3.2, \$3.3 per million of BTUs and a call at \$5.2, \$5.3. That means that when we see that we grew close at \$3, \$3.2, \$3.3, taking into account that our breakeven is at around \$2.1 per million BTU and capturing this part of the upside, I mean, we closed the position with no cost.

This I think that we have an additional this quarter that is really tricky because, I mean, we could have a color with a floor of \$3 and capturing the whole price deal, something as \$12, \$12.5 per million BTU with no cost at 10%, 15% of our production this quarter. And on top of that, we also have a closed position of 30%, 40% -- sorry, 20% in a similar way by 2027 with something between \$3 and \$5, \$5.2 per million BTU, roughly speaking. And then we see opportunities in the market, we should. Thank you.

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

Okay. We have some pending questions virtual that we will answer from the IR team. That was our final question today. With this, we will bring our presentation to an end. We really appreciate your participation.

Thank you also to everyone who has followed the session online. Let me remind you that a replay of today's presentation will be available on our corporate website. Thank you once again.

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

And let me -- Pablo, if you allow me breaking the protocol. I mean, thank you from our heart for being here. I mean, I know that for you it's an effort coming here. Madrid is always a fantastic city to come. But I mean, we appreciate your effort being here with us in this day that is important for Repsol.

Thank you very much. Gracias.

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