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Q4 2021 Repsol SA Earnings Call

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## PRESENTATION

**Operator**

Hello, and welcome to the Repsol's Fourth Quarter 2021 Results Conference Call. Today's conference will be conducted by Mr. Josu Jon Imaz, CEO; and a brief introduction will be given by Mr. Ramon Alvarez-Pedrosa, Head of Investor Relations.

I would now like to hand the call over to Mr. Alvarez-Pedrosa. Sir, you may begin.

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**Ramón Álvarez-Pedrosa** ***Repsol, S.A. - Head of IR***

Thank you, operator. Good afternoon, and welcome to Repsol Fourth Quarter and Full Year 2021 Results Conference Call.

Today's call will be hosted by Josu Jon Imaz, our Chief Executive Officer, with other members of the executive team joining us as well. Before we start, I advise you to read our disclaimer. During this presentation, we may make forward-looking statements based on estimates. Actual results may differ materially depending on a number of factors as indicated in the disclaimer.

I will now hand the call over to Josu Jon.

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**Josu Jon Imaz San Miguel** ***Repsol, S.A. - CEO & Executive Director***

Thank you, Ramon. Thank you, everybody, attending this conference. I hope that all of you are staying safe and well. And let me say that in today's call, I'd like to cover the following main topics: Firstly, the key messages; secondly, the divisional highlights in the company; third, a summary of the financial results; and finally, higher review of outlook and guidance for 2022. At the end of this presentation will be, of course, as always, as is well available to answer your questions.

To begin, let me take you through the key messages. 2021 has been a remarkable year for Repsol. Coming out to February, challenging and hard, let me underline 2020. We delivered strong levels of earnings and cash generation being able to capture a vastly improved macro scenario, supported on the quality of our integrated portfolio and the disciplined execution of our strategy.

The year finished on a very high note, delivering in the fourth quarter an adjusted net income of EUR 872 million, one of the strongest quarterly performances of Repsol record. Compared to the third quarter of this year, results benefit from higher oil and gas prices, higher production, solid chemicals and a better refining environment. Full year adjusted results reached EUR 2.5 billion. To find a better result, we must look back to 28 when Brent averaged $97, and the refining margin indicator was at $7.4 per barrel at that time. This is a good proof of the transformation and efficiency achieved in our businesses. In this regard, the digital program had a positive cash impact of around EUR 600 million in 2021 as compared with the reference year of 2017, when the program was conceptualized progressing towards its EUR 800 million target by the end of 2022.

On the other side, our multiyear procurement program also delivered a strong savings in 2021 from a combination of both commercial and technical initiatives as simplifying good specifications and contractual terms, and in some way, a more strategic supplier management. The cash flow from operations reached EUR 2.1 billion in the quarter, and a total of EUR 5.5 billion accumulated to

December. Excluding working capital movements, mainly related to an inventory buildup associated in this year to the higher prices, the full year cash flow from operations was EUR 6.8 billion. This was 2.7x the cash generated in 2020, and around EUR 900 million higher than in the pre-pandemic 2019.

Despite all the uncertainties phase 12 months ago, remember, we were at that time, I can't exactly remember, but I think that was the third wave of the COVID. The first year of our strategic plan to 2025 has consolidated our journey towards our long-term goals and the energy transition. Moreover, the extra cash generated in a higher commodity price scenario has allowed us to reinforce our financial position and to move into the next phase of the capital allocation framework defined in our strategy.

On the operational side. All 3 divisions benefit from the better prices and demand, increasing their cash contribution year-over-year and leveraging an improved macro to accelerate their transformation. In the Upstream, we are intensifying our activity and investments. In the more flexible parts of the portfolio and in unconventionals, we increased our drilling activity. Last quarter, we reached an agreement to purchase (inaudible) assets in the Marcellus.

This deal that has been cashed out in 2022 in January, is an example of an opportunistic acquisition to benefit from the current commodity cycle. Portfolio rationalization made significant progress between the fourth quarter of 2021 and the first quarter of 2022 with the divestments of our E&P positions in Malaysia, Vietnam, Ecuador, Russia and the exploration activity we have in Greece.

In the Industrial division, the Chemicals business enjoyed another exceptional quarter, performing above expectations and beating our full year EBITDA guidance. In Refining, in the fourth quarter confirmed the margin recovery that we had anticipated, beating our revised margin indicator guidance for the full year.

In Renewables, we completed the first asset rotation within our generation portfolio, reaching an agreement with Pontegadea to partner in Delta. Delta, remember, that was the Repsol's first operational wind farm in Spain. All in all, in this scenario, in 2021, we generated EUR 1.4 billion of operating cash flow above our initial budget that was allocated according to our strategic priorities.

Firstly, we boost our transformation by investing in profitable opportunities in our portfolio. In that sense, we increased the total investment in low carbon between 2021 and 2025, the total investment, of course, forecast or target in EUR 1 billion. As a result, the share of low carbon in our expected 2021 to 2025 CapEx has increased to an average of 35%.

Secondly, we improved the remuneration to our shareholders. We are increasing the 2022 dividend by 5% to $0.63 per share and will propose to the next Annual General Meeting, a 5% capital reduction through the redemption of 75 million shares. And we strengthened our balance sheet, reducing net debt by a 15%, lowering our gearing to a comfortable level of 20%, well below the 25% committed for the 2021 to 2025 period.

This gives us flexibility to face volatility, allowing us to consider opportunities that accelerate our strategy and setting aside debt from our main concerns for the remainder of the strategic plan. We will go into detail later when we discuss our outlook, but let me anticipate that under our planning assumptions for 2022, we will be able to increase CapEx significantly and improve shareholder remuneration through additional buybacks, all while maintaining debt under control.

Let me now take a look to the evolution of the main macro indicators. Brent oil averaged $80 per barrel in the quarter, supported by a tighter market. This was $6 above third quarter and $35 higher year-over-year. Full year average stood at $71, an almost $30 increase compared to 2020. Gas prices remain pressured, and current forward prices indicate that high gas price scenario is expected to remain into 2022.

In the U.S., the -- we have reached levels not seen on a sustained basis since 2014, averaging $5.8 per million BTU in the quarter, a 45% increase versus the third quarter and more than doubling year-over-year. Full year average was $3.9, which compares to $2.1 per million BTU in 2020.

In Europe, gas prices reached record levels in the fourth quarter, driven by a tight supply-demand balance, geopolitical tensions on the competition from Asia. The TTF reference averaged $29 per million BTUs, more than $1 dollar compared to the first quarter of the year. Full year average was $14, significantly above the $3 of 2020.

In Refining, Repsol's margin indicator averaged $4.4 per barrel in the quarter compared to $3.2 in the third quarter and, of course, significantly higher than the $1 margin of a year ago in the last quarter of the previous year. Turning now to the operational performance of our businesses, starting with the Upstream. Our focus on capital efficiency and cash generation prioritizing value over volume, allow this division to achieve in 2021 an organic free cash flow breakeven below $30 per barrel.

During the fourth quarter, production averaged 561,000 barrels of oil equivalent per day, a 6% increase compared to the previous quarter and 11% lower than a year ago.

Full year average was 572,000 barrels per day, a 12% decrease compared to 2020. Fourth quarter volumes were positively impacted by the ramp-up process of Trinidad and Tobago in Peru, resolving the issues that affected these assets in the previous quarter, partially offset by lower production in Brazil and mainly Libya. Production in Libya was shut down, as you know, on the 20th of December, due to the force majeure situation in the El Sharara. And the operations were restarted on the tenth of January, and production has averaged around 34,000 barrels net to Repsol in February. I mean that's the equivalent of previous year.

In Norway, the Yme project started up production in October. Operations have to be halted for a period due to issues in our subsea storage tank, that was fully solved, and we are in the well connection process, and we expect facilities to reach full operational capacity by the end of February, the beginning of March. In the U.S., we increased our drilling activity in the Marcellus and Eagle Ford to take advantage of the flexibility of unconventionals to add new barrels with the campaigns launched in 2021 are expected to contribute around an average 25,000 barrels per day in 2022 compared to 2021.

If we take production at the end of December in the unconventional in 2021 and the forecast at the end of December in 2022, the difference will be at around 75,000 barrels per day. The acquisition of Rockdale's assets in the Marcellus is fully aligned with this strategy with very good expectations in terms of returns and payback. It allow us to derisk of production targets with no significant impact in our midterm CapEx.

The new assets, located in a dry gas area, will be managed a single position with our previous acreage. They are expected to contribute 12,000 barrels of oil equivalent per day in 2022. Other development activity in the quarter include the FID, final investment decision, for Shenzi North in the Gulf of Mexico and for the full field development of Akacias in Colombia, two of the 14 key projects defined in our strategic plan.

Regarding the rationalization of our portfolio. Between 2021 and the beginning of 2022, we have completed our exit from 6 countries, getting closer to the strategic objective of concentrating our geographical footprint, contributing to increase the resilience of our E&P business. In the fourth quarter, we reached an agreement to divest our position in Ecuador and complete the disposal of our last remaining asset in Vietnam.

After quarter-end, we complete the divestment of our position in Russia and Malaysia and dispose our offshore exploratory interest increase. These 5 transactions up to the cessation of production in Spain since June.

Moving now to the Industrial division, starting with Refining. Compared to the third quarter, fourth quarter margins benefit from stronger middle distillates and wider heavy-to-light crude differentials, more than offsetting the increase of the crude price and the higher energy costs.

Let me remind you that our refining margin indicator already factors the cost of CO2 and energy cost. I mean they are variable costs that are falling in the margin. The margin indicator averaged $3.8 in the second half of the year, helped by the recovery of demand, and full year average stood at $2.4 per barrel, 9% higher than in 2020.

The utilization of our distillation and conversion capacity in the quarter was 76% and 88%, respectively, impacted by the planned turnaround of Cartagena from the first of October to mid-November. This was the most important turnaround in the Refinery's history, probably in the Repsol's refining history, with a total investment of EUR 75 million. 1/3 of this figure was deployed in initiatives that will avoid the emission of 68,000 tons of CO2 per year, and what is also important, the reduction of energy costs in the refinery and increase of margins.

The premium achieved in the CCS margin was nil in the quarter as the long turnaround of Cartagena, of course, limited the flexibility of our system to generate a premium over the indicator. But let me remind you that the average premium in 2021 stood at $0.50 per barrel. In Chemicals, the positive dynamics of this business continue in the last quarter of the year, allowing us to deliver more than EUR 1 billion of EBITDA in 2021.

Despite the increase of fixed starts costs, the petrochemical margins soared in 2021, to record levels due to a very tight supply-demand balance resulting from a strong demand and supply constraints. Moreover, the transformation of our industrial facilities into the carbonized synergy has continued, aligned with our ambitions in circular economy and the production of advanced low-carbon fuels.

In November, Repsol, in collaboration with Iberia and Vueling, delivered the first flights in Spain using sustainable aviation fuel. In Tarragona, our joint eco plant project, the first waste-to-chemicals plants in the Iberian Peninsula was 1 of the 7 projects selected out of 300 to receive the support of the European Commission Innovation Fund, I mean, directly coming from Brussels, for a total amount of EUR 106 million.

In Cartagena, we received 43 projects for the production of sustainable biojet and biodiesel is already under construction, and has completed most of the procurement, thus limiting the potential impact of the inflationary environment. We maintain our target of starting up the production in the first half of 2023.

After quarter end, a consortium led by Repsol presented the Spanish Hydrogen Network, or SHYNE is the acronym, SHYNE, Spanish Hydrogen Network. It is compressed by 33 entities from different sectors that will join for some investments to decarbonize their activity. The consortium means to reach our renewable hydrogen capacity of 500 megawatts installed in 2025 and 2 gigawatts in 2030 with projects that involved an accumulated investment of EUR 3.2 billion.

Let me, at this point refer to the oil spill occurred in Peru. On the 15th of January, an oil spill occur in the facilities of the multi-buoy terminal # 2, of the La Pampilla refinery when an abnormal movement of the Italian ship, (inaudible) with the unloading of the crude oil brought about the break of the pipeline and manifold initiating the spill. The causes of this abnormal movement are under investigation and the spill had an impact in population and the natural environment as well as in marine species of the Peruvian Coast.

Having analyzed the technical information available, it is estimated that oil still amount to approximately 10,300 barrels which is being recovered through intensive work to clean up the sea and the affected beaches.

Let me underline that Repsol confirms its commitment to continue mitigating and remedying the effects of this spill as well as to work with authorities and affected communities, while responding in the most effective way and with full transparency to the cities and ship. We expect cleanup to be complete by the end of this week, and beach cleanup complete at the end of the month with hard-to-reach cliff areas and so on due to be completed 1 month later.

Turning now to the Commercial and Renewables division, starting with Mobility. Fourth quarter sales in our service stations in Spain were around 12% higher year-over-year. but still 11% below the same quarter in 2019, impacted by the spread of the Omicron variant. Gasoline and diesel wholesale returned to pre-pandemic levels, thanks to a higher consumption from residential and industrial sectors.

Our wallet digital app closed the year with 3 million registered clients as we continue enhancing its functionalities to accelerate this growth. By the end of the year, Repsol launched its transversal loyalty program that will drive our data-driven customer-centric strategy.

In Retail, electricity and gas will continue growing our client base. We closed 2021 with 1.3 million retail customers and expect to reach 1.5 million by the end of the year.

In February, we have announced a small but interesting opportunistic acquisition of customers that will reinforce this work. The average electricity pool price in Spain reached record levels in 2021, averaging more than EUR 111 per megawatt hour, which compares to EUR 34 a year before. The purchase at market prices on the nonhedged portion of our commercialized volumes impacted fourth quarter results negatively because power is sold at fixed price to the end customer. And we are, let me say, developing a great effort on that because I think that is the right moment to sustain these prices to our customers and to grow organically in our customer base. On the other hand, the low carbon power generation business benefits from its exposure to the higher pool prices, allowing the integrated result to increase in 2021.

In Renewables, our priority is to achieve our business goals by delivering our projects, having new opportunities to the pipeline and continue with our business model to reach a reasonable scale. In that sense, Hecate has been our entrance in the U.S. market, increasing our international capabilities, and we are already building our first solar farm in New Mexico, Hecate. On top of that, we took the FID for 600 megawatts project in Texas that is going to come into operation by 2023. In parallel, we are analyzing the possibility of a minority partner joining us in our growth. However, no decision has been made yet, and we'll only do it if we are able to find the right partner that shares our long-term vision.

Let me now take you through a summary of the financial result. Fourth quarter adjusted net income was EUR 872 million, EUR 468 million higher than in the same period in 2020. Full year adjusted net income amounted to EUR 2.5 billion, which compares with EUR 600 million in 2020.

Upstream adjusted net income was EUR 624 million, EUR 429 million higher than in the same quarter a year ago. Higher price realizations, lower exploration costs, lower amortization more than offset lower production. Full year earnings stood at 1.7 billion which compares to EUR 195 million in 2020.

Industrial adjusted net income was EUR 262 million in the quarter, EUR 199 million higher than in the fourth quarter of 2020, mostly due to the strong performance of Chemicals and higher results in Refining, Peru and wholesale and gas trading.

Full year adjusted result was EUR 606 million, which compares to EUR 297 million in 2020. The adjusted result of commercial renewables reached EUR 145 million in the quarter, in line with the EUR 153 million result a year ago. The better results in renewable generation and mobility were offset by retail electricity and gas, lubricants and specialties under regulated LPG.

Full year earnings reached EUR 542 million, which compares to EUR 485 million in 2020. The adjusted net income in Corporate and Others was EUR 164 million, negative in the quarter, EUR 152 million lower better than in fourth quarter 2020, which benefits from higher results from treasury stocks and exchange rates position.

Full year adjusted result was EUR 381 million negative, in line with 2020. The group's EBITDA at CCS was EUR 2.4 billion, in the quarter and EUR 7.1 billion in the year. This was 103% and 73% higher, respectively, than in the same periods of 2020. CapEx reached EUR 2.9 billion in the year, right, above our guidance and backlog into the fourth quarter. Free cash flow before interest shareholder remuneration on the purchase of treasury shares was EUR 1 billion in the quarter for an accumulated total of EUR 2.8 billion in the year.

Net debt stood at EUR 5.8 billion as of the end of December, EUR 1 billion decrease from 2020, including a net EUR 0.3 billion effect from the reduction of the hybrid bonds issued and repurchase during the year. Having reviewed last year, this is the moment to elaborate a bit, let me say, on our outlook for 2022.

We have built our annual budget using a prudent price deck of $70 Brent and $3.7 Henry Hub. Therefore, price-wise, we have planned 2022 to be, on average, similar to 2021, expecting a higher cash generation, thanks to an increased production, better refining margins and improved overall operations.

In the Upstream, we expect an average production of around 600,000 barrels of oil equivalent per day over the whole year. The ramp-up of Yme in Norway, higher volumes in unconventionals and lower expected downtimes, should more than offset the impact of divestments, the divestments I commented before, and natural decline.

Cost inflation has been managed, and we -- I mean, we don't expect -- we are seeing cost inflation, of course, but we don't expect a major impact in 2022. In Refining, we estimate an average margin indicator of $4, and we expect a relatively weak demand to restrain margins around last quarter levels. Even so, this level of margins will still allow us to generate cash and continue transforming our industrial sites.

Petrochemicals margins have continued to above our initial estimates so far in 2022, and looking forward, we expect them to normalize towards the upper part of the cycle due to less capacity outages and supply constraints that a year before. In Renewables, we will continue working on the development of our pipeline. We currently have 800 megawatts under development that will come on stream in 2022, and we expect to have 2.3 gigawatts of renewable generation in operation by year-end.

With these assumptions, we forecast to generate this year -- I mean, I'm talking at $70 per barrel around EUR 5.8 billion of cash flow from operations in the year. This solid cash generation will allow us to build growth and deliver attractive shareholder distribution, all while maintaining our gearing ratio. Aligned with this framework, CapEx will increase to pre-COVID levels at EUR 3.8 billion in 2022, mostly due to higher investment in the transformation of our businesses, the flexibility of our A&P and in projects that benefit from the price scenario.

Around EUR 1.7 billion will be invested in the Upstream, $2 billion, more or less. EUR 1 billion in Industrial, and another EUR 1 billion in customer-centric and renewables. Regarding distribution, we will continue offering a competitive and attractive remuneration to our shareholders compared to peers and the (inaudible). If the current price scenario -- I mean what we are talking is $70 per barrel as our forecast, better said assumption more than forecast for the year. We expect to distribute between 25% to 30% of our cash flow from operations to our shareholders, a considerable increase versus the base assumptions of our strategic plan.

In 2022, the cash dividend will increase by a 5% to EUR 0.63 per share. And once we receive the approval of the next Annual General Meeting in coming weeks, we will execute immediately a 5% capital reduction through the redemption of the 75 million shares already committed that I mentioned, remember, in the last call.

In addition -- so additionally, once the budgeted price scenario settles, we will buy back another 50 million shares, roughly 3.5% of our capital that will be canceled between the fourth quarter of 2022 and the first quarter of 2023 once approved by the next -- so in some weeks, AGM, we are going to ask an additional authorization to have this open or flexible permission and to be held in the coming months.

So roughly, in the next 12 months, we expect to cancel 125 million shares, equivalent to 8.5% of our capital. Our planning deck for 2022 -- I mean, you could be right, if you say that it could be considered conservative at this point, but I'm -- I try to be very prudent and conservative. But we still see uncertainties and volatility in the macro environment.

As we have always done, we will allocate the extra cash as we generated always aligned with the priorities defined in our strategic plan that you know are increasing in case of having profitable projects, our lower carbon bed or in case of additionally increasing the shareholder remuneration. Of course, we will monitor any profitable opportunity in our portfolio that allow us to accelerate our ambitions towards achieving net zero in 2050.

We focus on our low carbon platforms and on improving distribution once, as I said before, gearing, I think that is already at a comfortable level. So conclusion. So let me -- in some way to conclude this speech. At Repsol, we are focused on maximizing value in this positive environment, making the most out of our current portfolio while having, as a company, a very clear decarbonization pathway to 2025 and 2030.

These scenarios allowing us to advance into the next phase of capital allocation, having reinforced our financial position in 2021, increasing our ambitions in low carbon and improving the distributions to our shareholders. We are now in the process of delivering the shareholder remuneration commitments that we acquired last quarter. And if the current commodity price scenario remains in coming months, we will accelerate our distributions with an additional buyback, as I mentioned before, in 2022, achieving this figure of 125 million shares.

In the long term, the new opportunities generated last year, the support of favorable climate policies and a better environment have encouraged us to increase our ambitions in the energy transition. Back in October, in our low carbon day, we accelerate our objectives in renewable hydrogen, renewable power generation and e-mobility among others. And this enhanced ambitions together with a favorable regulatory and (inaudible) environment allow us to improve our intermediate decarbonization targets to 2030.

We are, let me say -- you know that over the last 2 years, unfortunately, unfortunately, because of the situation we experienced, I have used many times the term resilience phase. I mean, let me say, being also prudent that I have the perception that we are living the resilience phase of our strategic plan, accelerated our transformation to 2030. In 2022, we will maintain our focus and enforce on the delivery of our commitments and strategy -- delivery of our strategy, transforming our operations and business to become more efficient and competitive. Efficiencies at the core of our operations is at the core of the DNA of Repsol and portfolio rationalization is also at the forefront of our priorities, freeing up resources to focus on our core projects. Growth vectors will continue to develop around low carbon fuels and renewables, and the recent regulatory changes in Europe, I think that are supporting this strategy.

Digitalization, technology and new ways of working will remain the key enablers we need for this transition, allowing us to remain leaders of our sector in our pathway to net zero.

With that, I now hand the call back to Ramon, who will lead us through our question-and-answer session.

Thank you. Ramon, over to you.

## QUESTIONS AND ANSWERS

**Ramón Álvarez-Pedrosa** ***Repsol, S.A. - Head of IR***

Thank you very much, Josu Jon. Before moving on to the Q&A session, I would like the operator to remind us of the process to ask a question. Please go ahead.

**Operator**

(Operator Instructions)

**Ramón Álvarez-Pedrosa** ***Repsol, S.A. - Head of IR***

Thank you, operator. Let me move now to the Q&A session. Our first question comes from Biraj Bokhataria at RBC.

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

The first one is just a clarification on the buyback and the 50 million shares to be purchased. Assuming that's approved at the AGM in May, should we assume those shares are bought in the market in the second half of the year and then obviously canceled as per the guidance, as you say in Tier 1 first quarter of 2023? Is that the right way of thinking about it?

And then the second question is on your balance sheet. In this commodity price environment, you'll look -- you're increasingly the under geared in the coming quarters. So how are you thinking about your gearing range you want to be in, in this pricing environment over the next sort of 1 to 2 years? And what you're planning for the incremental capital you'll generate?

**Josu Jon Imaz San Miguel** ***Repsol, S.A. - CEO & Executive Director***

Thank you, Biraj. I mean you are right. We will take to the next Annual General Meeting in coming weeks. The proposal to be a proof of (inaudible) amortization of 75 million shares. I mean we'll redeem this 75 million shares immediately after the AGM -- sorry, in some weeks.

Of course, in coming weeks, to get this target, we'll complete shares buyback program started in November '21, purchasing 18 million shares we need to complete our program.

Excuse me, are you listening?

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

Yes, I can hear you.

**Josu Jon Imaz San Miguel** ***Repsol, S.A. - CEO & Executive Director***

Yes. Okay, excuse me, because I -- it seemed to -- I mean, I thought that we have a problem with the mic, excuse me, Biraj. I mean I said that in coming weeks -- so AGM, the AGM of this spring. There, we'll have the authorization to redeem these 75 million shares. And I mean in some days after, I mean, we need perhaps, I don't know, 1, 2, 3, 4 days, technically. We'll amortize these 75 million shares. Of course, to get this target in coming weeks, we'll complete shares buyback program started in November '21, and we'll purchase in coming weeks, the 18 million shares, we need to complete our program. So that's the first step.

On top of that, our 2022 guidance contemplated -- I mean, you were talking about gain or -- and so on, more or less sustaining our current debt level of EUR 5.8 billion at $70 per barrel, we see plenty of room to acquire 50 million more shares and to have 50 million shares in our balance sheet before the end of 2022. And doing that additionally in the same AGM of this spring will propose in some weeks to this AGM an additional authorization and open, let me say, authorization for coming months to redeem them.

So to execute a potential amortization of 50 million shares in case of SIM, as I said before, a sustained macro environment, at least it is defined in our annual budget. I mean elaborated more or less at $70 per barrel. So given the case that the macroeconomic scenario continues, let me use the term favorable to our interest, we may, again, consider future remuneration improvements on top of what we are saying here, complying with the capital allocation priorities set in the strategic plan.

I mean -- and let me say that as a general framework, of course, that is a range, but our aim is to distribute in a consistent way, a figure in the range of 25%, 30% of the cash flow from operations to our shareholders. And going to the gearing, I mean, 25 average percent as gearing is our guidance and the target we had in our strategic plan, is to the -- at this moment, we are a bit more comfortable. I mean under these assumptions of $70 per barrel and this additional 50 million shares buyback program, we'll finish the year with a debt in the range of what we have today, $5.8 billion.

I mean let me be a bit prudent about that because we have a volatile situation in the market, in geopolitical terms. You know that we are exiting Omicron -- and I mean, things could evolve. But I mean, I prefer to distribute on facts, on figures and not on dreams. So that is my commitment today. And in case of having a better scenario in the future, I mean, we could (inaudible) that we talk about some another things because this guidance of 25%, 30% of the cash flow from operations to be distributed to our shareholders is a guidance framework for coming years, taking into account that we are, as you said, be as quite comfortable in gearing terms.

**Ramón Álvarez-Pedrosa** ***Repsol, S.A. - Head of IR***

Next question comes from Mehdi Ennebati, Bank of America.

**Mehdi Ennebati** ***BofA Securities, Research Division - Director & Research Analyst***

Really sorry about that. But just to make sure I understood your additional share buyback of 50 million shares, can it start in June, July? Or will it start -- will you start buying those additional shares in the market from Q4 2022? Meaning October, okay?

And I have another question regarding the Chemicals. Chemical EBIT has been very, very strong, very resilient despite your indicator was slightly down. So wanted to know if in 2022, at least in the beginning of 2022, we should expect your chemical EBIT to follow your chemical indicator? Or on the contrary, you think that you are currently, say, in a market where you are able to realize higher prices, higher margin than what your indicator is showing?

And if I may, one last question regarding your gas price realization, which was fine in Q4, $6.6 per Btu. I wanted to know if regarding Peru LNG, regarding Trinidad and Tobago, you could benefit from some time lag in terms of gas price realization, meaning that the very high gas price that we have seen in Q4 could also impact your Q1 realization price or Q2 realization price?

**Josu Jon Imaz San Miguel** ***Repsol, S.A. - CEO & Executive Director***

Thank you, Mehdi. I mean going to your first question, you are right. After the redemption in this spring after the AGM of these 75 million shares, I mean, we won't have more shares in our hands. That means that we need to acquire, to purchase, to get 50 million shares more before the end of the year in any case. So I'm going to say that today, we are going to do that with flexibility, probably, I mean, in case of seeing that this cash generation is going to stay there in coming months, we announced probably a buyback program and so on. But let me use today the term flexibility. I mean for -- after the AGM, we'll start getting and purchasing these 50 million shares to have them in our balance sheet before the end of the year. And having this authorization, I mean, the most logical thing in case of -- have been, I mean, fulfilling the expectation of our budget could be to redeem them. I mean, this additional redemption of 50 million shares either in the fourth quarter of this year or the first quarter of 2023.

Going -- so flexibility. But you are right, we are growing to start after the AGM, after the spring and before the end of the year. Going to the Chemicals. I mean it's true that our Chemical business is very resilient, but let me say, Mehdi, I think that what we have experienced in 2021 has been something extraordinary. I mean more than EUR 1,050 million, EUR 1,060 million of EBITDA when have a capital employed of EUR 1.4 billion more or less. I mean it's a high figure. So my perception, I mean, today is still the Chemical business is resilient, it's strong. It's true that the kind of restrictions, outages and so on are not going to happen probably this year.

My perception is that some products like intermediates and so on are strong in the market. The demand of polyolefins is also a strong. From the point of view of raw materials and so on, naphtha, LPGs are more expensive. So my perception is that we are going to be in a year that could be considered 2022 in the high or the top range of the cycle, but it's going to be a bit more modest than it happened in 2021. So I mean, I can't give you because I don't have a crystal ball, but -- for me, having an EBITDA at around EUR 7,000 million more or less will be a more accurate guidance for this year. But EUR 700, excuse me, yes, what I said, Ramon?

No, sorry, EUR 700, excuse me. It was a mistake.

But in any case, perhaps in the next conference presenting the results of the first quarter, I could have a more accurate clue. So my perception is, the year is going to be a very good year for the Chemical business. the EBITDA is going to be high. In the high part of the cycle, it seems to me that the very, very special conditions that provoke this kind of frustrations and so on in the supply in 2021, they are not going to happen in the same way.

Going to the Upstream and the high gas prices, I mean, you are right. All that is going to have a positive impact in our prices and mainly in our businesses in Peru, as you know, that the Peru market is very exposed to the Asian -- sorry, the JKM, mainly, hub. But you know that in Trinidad, we have a mix of markers. We have Brent, we have Henry Hub, we have NBP, we have European market. So that means that the impact is going to be clear and positive in Peru and in Trinidad.

If we take Peru and Trinidad, I mean, we could consider that $0.5 per million of Btus either in the NPB in the JKM saw $0.5, per million Btu it is either in the NBP or JKM could have a positive impact of $15 million per year, more or less, in our business. So you could take the current figures of these hubs and calculate that this impact is going to happen and is going to be very positive in our P&L this year in case, of course, of going on seeing these high gas prices in these hubs of markets.

Thank you, Mehdi.

**Ramón Álvarez-Pedrosa** ***Repsol, S.A. - Head of IR***

Thank you, Mehdi. Next question comes from Joshua Stone at Barclays.

**Joshua Eliot Dweck Stone** ***Barclays Bank PLC, Research Division - Analyst***

Two questions, please, on Refining. So looking at Refining the carbon costs, they're clearly much higher than they used to be, led by the carbon price. I appreciate your -- I don't think your free allowances are changing much in the coming year. But given that moving carbon price, does it change your mind with regards to the speed of decarbonization in those assets?

Are there maybe some projects you could look at sort of improving the efficiency to get your carbon costs lower over time? And then my second question is just staying on Refining. Utility costs are also, obviously, quite high, as you've mentioned. Can you just remind us how you're sourcing your gas and power? Is it on a spot basis? Is it contracted? And what's assumed within your indicator?

**Josu Jon Imaz San Miguel** ***Repsol, S.A. - CEO & Executive Director***

So thank you, Joshua. I mean going to the Refining, let me, first of all, I know you know that, but I remind through (inaudible) CO2 cost, as the energy cost, gas price and so on, all that is fully included in the variable cost, so in the Refining margin. So a lot is included.

Secondly, as you said, and you are fully right, Joshua, that is a good opportunity to accelerate the decarbonization of our Refining business. Remember, I mean, I have in mind the figure that all in all, last year, our Refining business could have a total emission level of CO2 at around 8 million, 9 million tons of CO2 per year. We could have free allowances (inaudible) 1.8 million, 1.9 million tons per year. That means that -- I mean, what we are doing in terms of reduction, the 25% of our current emissions by 2025, decarbonizing, accelerating the energy efficiency, accelerating the use of some other fuels and so on, is going to have a positive and direct impact on the Refining margin, thanks to this decarbonization and CO2 reduction.

So you are right. we are accelerating. And in some cases, we are taking advantage, as we did in Cartagena some weeks ago to include new projects to accelerate this decarbonization of our refineries, reducing the energy cost of them.

So going to my source of gas and power. That's my first reflection, I mean, the gas supply of Repsol is linked in some way, a part to Brent, a part to Henry Hub and a part to TTF. More or less, I mean, 62% could be related to Henry Hub; 34% to TTF; and 4% to Brent. That means that 1/3, only 1/3 of our cost is related to what is happening today in the European gas market because, I mean, Henry Hub and so on, the price is more moderated, let me use the term. On top of that, let me say that we are changing our mind and we are changing also the way to plan our own refineries.

That means that we are, in some way, reducing the use of gas as fuel in what is our refineries. Secondly, we are changing and trying to use fuel gas streams, LPGs, fuel -- some other products to be used as fuel in our refinery. So reducing the exposure to gas in our refinery. So this part of is TTF is going to be mitigated thanks to this reduction -- reducing dramatically the impact of these gas prices on our Refining business.

And on top of that, of course, we are also including, as we always do, these gas prices in the planning of our refinery. And in some cases, if the marginal barrel it doesn't make sense to the destination of the marginal barrel because the gas price, we are, in some cases, reducing even our distillation rate because we want to optimize the whole company margin.

From the other side, I mean, our gas and power business has long-term contracts or -- and discuss long-term contracts, of course, under this basis, I mentioned before, they have the transference price and so on to our Refining business. So my point is, we have a supply that is guaranteed. The long-term contracts are there. The risk of price is quite contained and restricted because the exposure to European gas prices in this contract is quite low, and we are doing our best to reduce this impact.

**Ramón Álvarez-Pedrosa** ***Repsol, S.A. - Head of IR***

Thank you, Joshua. Next question comes from Irene Himona, Societe General.

**Irene Himona** ***Societe Generale Cross Asset Research - Equity Analyst***

Congratulations on these numbers. A couple of questions from me. Firstly, on the Upstream, the 5-year strategy plan was guiding us to 650,000 [slab] production. The average volume in '21, '22 is going to be about 10% that. Price is, obviously, well above. Can you say what you expect for output in '23 to '25, please? And how should we think around the original cost reduction plan in Upstream? In other words, is there anything to be adjusted there?

The second question is, if you could restate roughly what your '21 results would have been at your strategic plan assumptions, $50 reference price, normalized mid-cycle margins, can you say where the EBITDA and the free cash flow would have been, just to keep track of actuals versus the plan?

**Josu Jon Imaz San Miguel** ***Repsol, S.A. - CEO & Executive Director***

Thank you, Irene. I mean first of all, let me say that we try to do our best to keep going and this year to push production up, but I'm not obsessed about production. I mean -- and I try to be consistent. I said 2 years ago that we are going to be more focused on value creation, on cash flow creation and also on all free cash flow done on production.

Saying that, when we talk about 650,000 barrels per day as average in our strategic plan, we have to take into account that we have divest more or less 40,000 barrels per day of production, and I mean we have, let me say, some kind of trade-off offsetting of this reduction of production in our strategic plan with the proceeds coming from this divestment to invest in new assets, optimizing the whole portfolio of Repsol.

We are taking the decision of not going on to these prices to acquire in the same way we planned 2 years ago, these new assets. I mean we are doing opportunistic things, as we did in Brookdale. But that means that there is a natural production reduction coming from this divestment. But of course, this divestment of barrels had also a consequence, an increase in the free cash flow of the upstream coming from this barrel.

On top of that, I mean, we are increasing now because we see value there. The production of the unconventional. And we are quite comfortable about these 600,000 barrels per day of production of the year. On top of that, we have to take into account, Irene, that at these prices, we have a negative effect coming from the PSC contracts. Perhaps we have lost 15,000 or 18,000 barrels per day due to this effect.

But of course, in cash terms, the effect of these less barrels is not negative because we have a higher price. All in all, we have, in 5 years, the target of our free cash flow for our Upstream business of EUR 4.6 billion, and we have been able to get in 2 years, I mean, 2021 and 2022, we are going to be, let me say, able to get EUR 2.5 billion. That means that we are over delivering the free cash flow we expect from our Upstream business.

Of course, efficiency is always there. We try to do our best to reduce cost. We are implementing all our digital initiatives to get these ambitious targets we have. But the cash generation we need either to boost the energy transition of the company and improving, and as I mentioned before, the distribution for our shareholders is there.

I mean going to your second question. I mean at $50 per barrel, Repsol's Upstream business generated -- or will generate more or less EUR 2.3 billion as OCF, EUR 1.4 billion as free cash flow and EBITDA level, let me say, EUR 2.8 billion, EUR 2.9 billion more or less. That will be the EBITDA in 2021 and the free cash flow and the operational cash flow in case of having per barrel. I think that I answer all your questions, Irene.

Thank you, Irene.

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**Ramón Álvarez-Pedrosa** ***Repsol, S.A. - Head of IR***

Thank you, Irene. Next question comes from Alessandro Pozzi of Mediobanca.

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**Alessandro Pozzi** ***Mediobanca - Banca di credito finanziario S.p.A., Research Division - Research Analyst***

Yes. Can you hear me?

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**Josu Jon Imaz San Miguel** ***Repsol, S.A. - CEO & Executive Director***

Yes, Alessandro.

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**Alessandro Pozzi** ***Mediobanca - Banca di credito finanziario S.p.A., Research Division - Research Analyst***

Yes. I got disconnected before, sorry. The first question on is on disposals, more in general terms. We know about Russia, Vietnam and Malaysia. What else are you looking to potentially sell in 2022, both in Upstream, we've heard rumors about Canada? I was wondering whether you see Canada still as a strategic assets, but also in renewable as well. It doesn't feel like the strategic sale of renewables is happening in the short term. And I was wondering whether maybe you have preference for an asset sale as you've done in Delta one. And also, remaining on the disposal, do you have any number for disposal in the cash flow for 2022?

**Josu Jon Imaz San Miguel** ***Repsol, S.A. - CEO & Executive Director***

(foreign language) Alessandro. Thank you. I mean going to the disposals, let me only say that 2 years ago, we were in 25 countries. Today, we operate in 15 countries. I mean we have disposed, I mean, starting from the Eastern Hemisphere, Australia, Vietnam, Malaysia, Kurdistan, Iraq, Russia, Spain, Greece, Bulgaria, Ireland and Ecuador and Morocco, 11. So we were in 26 -- I mistook Leo Morita this year in (inaudible). I forgot Morocco. So now we are in 15 countries. Let me say that we are very close to our strategic target.

Saying that, I mean, in M&A terms, we always have to check opportunities, trying to get a higher value from our assets. Saying that, I mean, we don't have any target -- any intention to dispose our Canadian business, clearly speaking. Saying that, of course, we try to optimize the rest of the portfolio and so on. But I mean being in 15 countries, and we could -- I mean, potentially make new or find new opportunities in the close future, but I'm quite comfortable with this figure of 15. I wasn't comfortable with 26 countries 2 years ago, but now we are in a better way.

I mean going to our to our Renewable business, I mean, let me say that we don't have any divestment target of project in our Renewable business. We are not going to divest our Renewable business or renewable assets. Saying that, you know that we are, first of all, delivering the asset rotation model as we did in Delta. We're a minority partner ready to pay at the risk asset, taking an equity of 49%, 48% to 45% cool in some way a value and return to the equity of the 51% that results retain. And through this way, getting this double-digit equity and in this case, overcoming this double-digit equity we commit for our business.

We are going to go on doing that in this business. That means taking the whole risk of the project, the pipeline, construction, operation, maintenance, energy management and so on, and looking for financial partners ready to be minority. So, I mean, perhaps technical is a divestment, but that is what is behind this rotation of assets. I mean saying that, you know that our full priority is to achieve our business goals, so delivering projects. We have increased our low carbon emissions and targets during the low carbon day. And it's true that in parallel to all that, we are analyzing and working on the possibility of having a minority partner to join our renewable growth project.

No decision has been made about that, and let me underline that we will only do it if we can find the right partner ready to share in the growth story of Repsol to grow together and of course, at the right valuation. And going to grow this -- I mean, yes, in 2022, we'll have the cash in coming from the disposal of Malaysia and Russia, apart of this disposal -- apart of this cash in, I mean. And we have already cash in, in January more or less EUR 100 million coming from these 2 assets.

So thank you. Alessandro, (foreign language).

**Ramón Álvarez-Pedrosa** ***Repsol, S.A. - Head of IR***

Thank you, Alessandro. Next question comes from Ignacio Domenech at JB Capital.

**Ignacio Doménech** ***JB Capital Markets, Sociedad de Valores, S.A., Research Division - Associate***

My first question is on production. I was wondering if you could help us with 2021 production to the 600,000 target in 2022. And here, I'm looking (inaudible) in Norway if it's at normal during February. We saw the internal rigs in Marcellus in the (inaudible) port. And also on Rockdale, should we expect any additional CapEx as the production but in March, I believe, was already close to 12,000 barrels?

And then my second question is on mobility volumes. Should we expect a recovery of volumes to prepandemic levels in 2022? And how should we be thinking margin-wise on mobility?

**Josu Jon Imaz San Miguel** ***Repsol, S.A. - CEO & Executive Director***

(foreign language) Ignacio, thanks a lot. I mean going to the production bridge. More or less, as I said before, we are going to have 40,000 more barrels as average in the unconventional, including the Rockdale acquisition year, comparing '22 with '21, more or less, 20,000 barrels per day are going to come from the increase in new conventional projects.

Yme is going to be a part of that. We are going to lose at around 20,000 barrels per day, 2025 from divestments. I mentioned before, and perhaps a 5,000, 6,000 barrels per day at these prices due to the PSC effect. All in all, we are going to improve in 30,000 barrels per day, more or less, the whole production, I mean, because we are going to be at 600,000 barrels per day this year.

Going to the ramp-ups. In the case of Yme, the problem with the subsea storage facility and so on, as I mentioned in my speech, all that was solved before. Now we could be at around 10,000, 15,000 barrels per day of production growth. And we aim to be in -- at the end of March with the ramp-up finished. That means that the ramp-up finished is 55,000 -- 50,000 barrels per day gross, that could be more or less taking into account that we have our interest about 55%. In Yme, a production net Repsol of 270,000 barrels per day. So Yme, the ramp-up is going on in the right direction. And in 4 weeks, more or less, we will be ready to have the plateau in this interesting asset or production in Norway.

Marcellus and Eagle Ford, I mentioned before that -- I mean, if we take, let me use two terms, Ignacio. If we take December 31, 2021, with December 31, 2022, the increase in the unconventional is going to be at around 75,000 barrels per day for Repsol. If we take the comparison of the average 2021 with the average 2022 is going to be 40,000 barrels per day, including the Rockdale new production acquisition. So there is no -- any additional CapEx now at the moment for the Rockdale asset.

You know that this is a synergistic acquisition. We have 2 rigs today in the Marcellus we are -- I mean, assuming that perhaps we could take the decision of the third rig for the whole Marcellus, as we mentioned before, by the end of the year, perhaps third or fourth quarter and will optimize the best was to optimize the production of the value in the area, including the Rockdale. So there is no additional CapEx due to Rockdale.

Mobility, I mean, this morning, I was with (inaudible), analyzing the growth is happening, for instance, in the aviation business in the jet sales. And if we take our business, this February, this last week, we are at 90% of the sales. We have 1 -- 2 years ago -- sorry, before, the pandemic, 90%. The accurate figure was that the reduction, the drop in sales was only an 8%, 10% -- 9% comparing with the pre-pandemic levels. That's happening because you know that Barcelona and Madrid are both among the 7 large European cities that are recovering in a fastest way in plain traffic. So that figures are really very positive because remember, that 1 year ago, the level could be at around 30%. That means that we are selling 3x the jet we sold in January, February 2021.

On top of that, in mobility terms, taking into account (inaudible) and so on, if we take the figures of the fourth quarter, the sales could be in service stations, 10%, 11% lower than the fourth quarter of 2019 and 14% -- 12%, 14% higher than in the same month of 2020. We have to take into account -- and January was more or less the same, even -- yes, in the -- with the same trend. We have to take into account that December and January, they were negatively impacted by Omicron. And we are starting in February a recovery comparing with December and January.

We are not yet in the pre-pandemic levels in the roads. And it's true that, for instance, I mentioned before in the wholesale business, we achieved the pre-pandemic figures because we have -- I mean, we have to take into account the farm business, industrial and some other applications on field. So that is more or less the description of what is happening in volume terms, Ignacio.

**Ramón Álvarez-Pedrosa** ***Repsol, S.A. - Head of IR***

Thank oyu, Ignacio. Next question comes from Matt Lofting at JPMorgan.

**Matthew Peter Charles Lofting** ***JPMorgan Chase & Co, Research Division - VP***

Two, if I could, please. First, just on your outlook for 2022 and specifically, the cash flow sort of EUR 5.8 billion. CFFO seemed are particularly sort of slightly conservative, perhaps given the sort of the assumptions set that you're showing with production, refining margins, et cetera, all moving higher year-on-year. So I wondered if you could talk a bit about that and break it down, highlight any sort of partially offsetting effects that you're factoring in relative to those positively trending headline variables.

And then secondly, beyond the sort of the statement earlier, you haven't sort of talked too much about the situation in Peru to this point. Could you elaborate on the status there? And also, in addition, your current estimates on the cost impact and the extent to which any of that has been provisioned in the accounts to this point?

**Josu Jon Imaz San Miguel** ***Repsol, S.A. - CEO & Executive Director***

So thank you, Matt. I mean slightly conservative you said that -- perhaps you are right. I'm not going to say you are not right, because what we are taking to forecast -- or to factor this EUR 5.8 billion cash flow from operation is a Brent as average over the whole year of $70 per barrel, $3.7 per million of Btus Henry Hub price, $4 per barrel the European or Spaniard refining indicator plus this a bit more prudent approach about the Chemical business I mentioned before, compared with 2021.

I mean you know that we are living a quite volatile way -- or a volatile period of time. So be sure that in case of seeing that higher Brent prices, higher margins or higher gas prices could be stable and consistent in 3 months. I mean I'll try to put on the table and more actualized guidance. But today, I mean, all that depends on the mood of the moment. I remember that I was preparing with my team the budget for the Board, the first week of December after the announce of their Omicron variant in South Africa. And at that time, many analysts and studies forecast a Brent price even below $70 per barrel taking account the negative impact that all that could have in our business or in the oil consumption.

I mean I think that you are right. Today, we are in a more favorable scenario. And you have to take into account that $20 per barrel more for the Brent means more or less $1 billion additional of free cash flow for our Upstream business. So in case of seeing in a consistent way, $90 per barrel over the whole year, you have to add billion to this figure. So you are right.

Going to Peru. As I said before, I mean, taking into account that growth happened was an abnormal movement of the Italian ship (inaudible) that brought our own installations in the pipeline and manifold that was the root of what happened there initiating the spill. Of course, the curses of this are normal movement and so are under investigation, but it was the movement of the ship that provoke this damage to the Repsol's installation to -- and the spill.

But saying that, our first reaction from the very first moment and the priority, for me, for my whole team for our people in Peru and for the whole company has been to assume the task -- the full tasks of containment cleaning and remediation of affected areas. So we are going to, as I said before, this week, we are going to probably finish the cleanup of the sea waters. We are starting -- we are prepared to the delivery of clean beaches from now on to the end of February to local authorities to the government. And we are, in some way, coping with the problem of cleaning up the cliffs and difficult areas over the month of March.

I mean if we take the cost impact in terms of remediation, cleaning and what we are doing, let me say, first of all, that what we are seeing today in cost terms could be at around $65 million, more or less. This figure could increase in coming weeks. We are seeing that a main part of this figure is going to be covered by insurance companies and so on. But trying to be prudent, I mean, we defined in the 2021 accounting a provision covering the potentiality of this damage. So we have been prudent. And my main priority today is to go on trying to remediate in a whole way growth grows the consequence of this spill provoke by this abnormal movement of the ship (inaudible). Thank you.

**Ramón Álvarez-Pedrosa** ***Repsol, S.A. - Head of IR***

The next question comes from Sasikanth Chilukuru at Morgan Stanley.

**Sasikanth Chilukuru** ***Morgan Stanley, Research Division - Research Associate***

I have 2 left, please. The first one was regarding -- going back to the refining margin. Can you talk about the current levels that you're seeing right now at present? And also, your expectations of the refining margin indicator in the near term as we see a potential pickup in jet fuel demand?

And the second question was regarding the turnaround activity in the first quarter. It appears there's a material turnaround activity in the Bilbao refinery. I just wanted to understand if you can provide details of the likely impact of that -- of the refinery, especially comparing it with the impact of the maintenance activity seen at the Cartagena refinery in 4Q.

**Josu Jon Imaz San Miguel** ***Repsol, S.A. - CEO & Executive Director***

Thank you, Sasikanth. I mean I was checking out -- listening to you, I was checking here the figure. From January 1, as today, the margin index has been $3.8 per barrel in our system, the index margin, the IMC. We have to take into account that we have, of course, received the demand impact of Omicron in January. So from this point of view, the forecast we have of $4 per barrel for the whole year, I think that is a quite prudent estimation.

We have to take into account, as I said before, that in February -- I mean, $3.8 is the average from January 1 through today. The average of February has been $4.1 per barrel, and we have to take into account that we are still suffering in this -- let me use the term, in this margin index, the impact of gas that was previously asked and so on. So I think that $4 per barrel could be quite prudent estimation of what will happen over the whole year.

My view is more optimistic from 2023 on, taking into account a potential full recovery, as you said, coming from -- coming -- or exiting out from the COVID, the peak demand of jet fuel and so on. I mean that is my expectation from 2023 on. But this year, 2024, taking into account that we are still, in some way, receiving the negative impact of the tails of this pandemic, $4 per barrel is a quite prudent estimation.

I mean Petronor is an important refinery for Repsol. I'm not going to deny it because you know that I led this refinery for years. But the dimension of the impact of Petronor and the turnaround is not comparable to what we have experienced on Cartagena in the fourth quarter is going to have, of course, because this year, we only have 2 significant turnarounds, maintenance program.

The first one is in the first quarter is Petronor mainly or cokers, and a part of the units, but the dimension -- the coker of Petronor is smaller than the coker of Cartagena, and so on the dimension of the turnaround is also lower.

And in the second half of the -- or the second quarter of the year, we are going to have also a turnaround program in Tarragona in the Northeast part of Spain. I think that the Isomax and some other units are going to be Isomax is, I mean, the part of the hydrocracking in Tarragona is going to be impacted. But in any case, the impact is going to be significantly lower than it was in 2021.

**Ramón Álvarez-Pedrosa** ***Repsol, S.A. - Head of IR***

Thank you, Sasikanth. That was our last question. At this point, I'll bring our fourth quarter conference call to an end. Thank you for your attendance.

**Operator**

That does conclude our conference for today. Thank you for participating. You may all disconnect.