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PRESENTATION

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

Thank you, operator, and good morning to all. Welcome to Repsol's fourth quarter and full year 2024 results presentation. Today's, our conference 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, let me draw your attention to our disclaimer. During this presentation, we may make forward-looking statements based on estimates. Actual results may differ materially depending on a number of factors as indicated in the disclaimer.

I will now hand the conference call over to Josu Jon.

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

Thank you, Pablo. Good morning to everyone, and thank you for joining us. Today, I'll take you through the numbers and main messages that explain our 2024 performance and the outlook for 2025. As usual, after the presentation, I'll be and we will be available for a Q&A session.

One year ago, we shared with you our strategic update to setting the basis that will help us consolidate Repsol's multi-energy proposal. Today, 12 months later, we can affirm that 2024 was a positive year for us, a year in which we made material progress towards the execution of the strategy founded on a solid performance across the businesses.

Operating under the capital framework of our plan, we successfully fulfilled our remuneration commitments, prioritizing shareholder payouts maintaining a strong balance sheet while investing in profitable growth. Bolstered by our robust fourth quarter, we achieved an adjusted income of EUR3.3 billion, and delivered EUR6.3 billion of operating cash flow ahead of our latest guidance before accounting for the Sinopec transaction.

Total shareholder remuneration amounted to EUR1.9 billion, equivalent to 31% of the operating cash flow. The cash dividend was increased by approximately 30% to EUR0.90 per share and we redeemed 60 million shares, equivalent to 5% of our share capital at the beginning of 2024. Over the last three years, Repsol has canceled an equivalent to 24% of its share of it.

Net debt closed at EUR5 billion, EUR0.5 billion reduction compared to September. The gearing ratio, including leases, closed at 14.7% and excluding the EUR4.3 billion of leases accounted in our reported net debt the gearing stood at 2.4%.

Total liquidity stood at EUR9.5 billion, more than 3.5 times our short-term debt. Net CapEx after disposals and asset rotations was EUR5.7 billion, but this figure didn't include the second instalment for the disposal of Colombia of EUR0.3 billion that will be posted in the first quarter of 2025.

The investment level in 2024 reflects the higher development activity of the first part of our strategic plan mainly associated with the FIDs taken in the upstream over the past few years and the implementation of low carbon projects.

As an indication of the CapEx intensity reduction that we anticipate for coming months, the fourth quarter of 2024 registered the lower quarterly CapEx of the year, both gross and net in a period I mean, the last quarter of the year, that traditionally has concentrated a higher share of Repsol's annual investment.

Looking forward, we remain committed to a net CapEx of EUR16 billion to EUR19 billion in the four years of our plan with a net investment for 2024 and 2025 projected to reach a maximum of EUR9.5 billion. So it seems to me that we tend to be in the low range of the committed net CapEx of EUR16 billion to EUR19 billion that we anticipated for the four years of our plan. The group's capital expenditures are expected to normalize by 2026 once the investment peak of the upstream development cycle is complete.

At the macroeconomic level, during 2024, the main drivers of the industry converts to more normalized levels, notably the refining environment compared to a situation of the previous two years. These factors combined into what we see as a supportive market scenario with an oil price of more than $80 and with a refining margin indicator averaging $6.6 per barrel higher than the historical trend.

In the upstream division, full year adjusted income was EUR1.5 billion, 16% lower year over year, mostly due to lower gas prices and lower volumes. Full year production averaged 571,000 barrels per day at the lower end of our guidance.

Production was impacted by divestments, force majeure events in Libya and adjusted activity in unconventionals in response to low gas prices. In the fourth quarter, we successfully divested our assets in Colombia, where we produced around 12,000 barrels of oil per day. An active management of our assets continues to drive the high grading of our portfolio, increasing cash flows, lowering break evens and reducing the carbon footprint of our production.

Looking ahead, our organization continues to work on the preparation for a potential liquidity event. The development activity in 2024 stressed the efficient delivery of the key growth projects on time and on budget.

Leon Castile in the Gulf will start production in August contributing an average of 10,000 net barrels a day to 2025 production. And in Alaska, the first phase of Pikka is planned to reach first oil before year-end. Campos 33 in Brazil and block 29 in Mexico continue progressing on Schedule II with both projects looking to initiate production in 2028.

Our plants in Mexico were reinforced by the positive results of the Yopaat -1 well. In Libya, once the last interruption was lifted in October we managed to bring the field to its maximum production since 2020, and it has been running at peak level since December.

New exploration activities currently being carried out in Murzuq for the first time in 10 years, in what is a promising low-cost basin well known for Repsol since many decades ago. For 2025, we project an average production between 530,000 to 550,000 barrels per day. Let me say that we will be in the high range, in the high part of this range.

But I mean we always want to have some kind of flexibility in the unconventionals depending on prices, but it's true that, I mean, it seems to me that Henry Hub is going to perform in the right way this year. So I'm more comfortable saying that we will be in the higher range the high part, sorry, of this range. The production is going to be impacted by the Colombia disposal. And as I mentioned before, the activity in unconventional depending on prices.

The share of oil in our production mix is expected to increase compared to 2024 due to Libya and the start-up this summer of Leon Castile in the Gulf. And in unconventionals, our team continues to closely monitor natural gas prices in the US with flexibility, as I mentioned before, to adapt operations if needed.

We expect to resume drilling activities in both assets, Marcellus and Eagle Ford during 2024. In our budget, we are assuming a Henry Hub price of $3 with roughly 55% of our North American gas volumes hedged through a non-cost collar structure between $3 and $6 per million Btu.

In the industrial division, full year earnings reached EUR1.5 billion, roughly EUR1.3 billion lower year over year, mainly due to the normalization of the refining margins, but still solid, thanks to the excellent performance of the trading businesses. The strong refining environment observed in 2022 and 2023, persisted in the first part of the year.

Since April, however, margins declined until reaching their annual loss in August, mostly driven by weaker diesel and kerosene differentials. A combination of seasonal effects, higher or supply and run rate cuts allowed for a partial recovery of margins as we approach the end of the year. The average margin indicator was 40% lower compared to 2023 mostly due to a weakening of middle distillates and to a lesser extent, narrower gasoline differentials on a pricier Maya.

The average premium over the indicator was $1.2, including a negative $0.4 impact due to the practices that affected the Spanish fuel market in 2024. So that is the effect of FOB, CIF depending on the export internal market distribution of these products.

The utilization of our distillation capacity was 88%, 3 percentage points higher year over year. The run rate of the conversion units reached 100% in line with 2023. And in our transformation projects last March, production started in our new SAF and HVO plant in Cartagena. In Puertollano, the current retrofitting of an existing gas oil hydrotreater to produce HVO is expected to begin operations early 2026.

So far, in 2025, the margin indicator has averaged around $5.5 year $5.6 year-to-date, including $7.1 a barrel this month in February as average. For the full year, we are on an average indicator of $6 per barrel based on the expectation of a higher demand and the new refining capacity being balanced out by announced closures, either in North America, Europe and Asia.

The average premium over the indicator is projected at around $2 per barrel in 2025. Demand for biofuels is forecast to recover during 2025, mostly due to the implementation and expansion of regulatory mandates, antidumping measures on Chinese exports would lead to a further strengthening of the HVO spread against the UCO.

Lastly, the turnaround schedule for this year includes activity in the hydro treatment part of Bilbao,in Puertollano and catalyst changes in Tarragona refinery. In the chemicals business, Repsol's full year margin indicator was 3% higher compared to 2023, with sales staying in line year over year. And despite this relative improvement, the EBITDA contribution remained negative.

For 2025, we expect to reduce our EBITDA breakeven by 15% from EUR260 per ton to around EUR220 per ton. That is because all the measures we are taking in terms of reducing costs, efficiency, improving feedstock in our chemical plants and so on.

And moreover, we expect the new projects coming on stream largely the expansion of Sines to contribute additional EUR100 million to EUR140 million of EBITDA in coming years, depending on an acid or a central margins scenario.

In circular economy last month, we took the FID for the first classification plant in Europe using urban waste to produce biomethanol. The facility is located in -- will be located in Tarragona in our petrochemical complex, and we will start operations in 2029 and will reach a capacity of up to 240,000 tons per year, of renewable methanol and total investment will amount to EUR780 million, of which around EUR120 million, EUR130 million will be deployed in 2025.

The project has received more than EUR130 million of funding from European innovation fund. And finally, as we progress in 2025, we expect to advance in the approval process of three electrolyzers, one in Cartagena, one in Bilbao and the third one in Tarragona. All three have been selected to receive public funding.

In the case of Tarragona, electrolyzer will support the economics of the gasification plant just approved, thanks to a higher methanol yield and lower CO2 footprint. These FIDs will allow us to achieve something between 0.6 to 1.2 gigawatts of renewable hydrogen capacity by 2030 of which 350 megawatts correspond to the hydrogen produced in the steam reformers from biomethane.

We are adjusting a road map due to the delay in the market development and the evolution of the regulatory framework and public funding. So we are prioritizing return and prudence in the capital allocation over any capacity target. So we will phase down from 1.9 gigawatts in 2030 previously announced to the range of 0.7, 1.2 gigawatts, roughly speaking, where are now, in some way, facing that.

In the customer division, full year adjusted income was EUR659 million, 7% over 2023, mainly due to higher results in service stations aviation and power and gas retail. The accumulated EBITDA to December reached EUR1.2 billion is a historical figure in Repsol a 13% improvement year over year and on track to deliver the EUR1.4 billion targeted for 2027 in this division.

In the mobility business over recent months, we start to see the results of the anti-fraud regulatory measures and control mechanisms adopted Spain. This -- let me use the term a stabilization of the market enabled us to increase our sales of road transportation fuels by 6% in the fourth quarter compared to the same period in 2023. The number of digital clients reached 9.3 million by the end of 2024, a 17% increase over the previous year, contributing to an increase of business to consumer sales in service stations.

In power and gas retail, we add more than 330,000 clients in 2024, reaching the record figure of 2.5 million customers by the end of December. This increase was fully organic and self-finance allowing the business to generate a positive free cash flow to the group.

So we are growing in this business, having clients and at the same time, generating free cash flow, and that is, let me say, a consequence of this integration business in the power view we have in Repsol integrating the low carbon generation and the customer side.

Furthermore, Repsol's growth in 2024 has been the highest of a non-incumbent power and gas commercialization company in Spain since the complete liberalization of the electricity sector in '29. Finally, low carbon generation full year adjusted income was EUR23 million negative, EUR98 million lower year over year mainly due to a lower contribution from CCGTs and renewables.

This result is explained by a lower production in the combined cycles the negative impact of elevated levels of hydro power generation in Spain and the contribution from equity affiliates. The lower result also reflects the cost associated with the integration of ConnectGen and the development of our renewable growth platform, and this platform is prepared to operate an extensive pipeline of 3 times to 4 times our current generation capacity but in this phase is supporting the cost of the development and this growth.

The average pool price in Spain was EUR63 per megawatt hour, 28% below year over year. The total power generated by Repsol reached 7.8 terawatts hour, including 5.9 in Spain and 1.4 in the USA. The start-up of Frye solar project in the US and of several projects across Spain, allow Repsol to reach 3.7 gigawatts of renewable capacity under operation by year-end.

Repsol's global wind and solar generation increased by 67% year over year. In 2025, we plan to have more than 1.5 gigawatts of new generation capacity, 500 megawatts will be added in Spain and 1.1gigawatts in the US and Chile, mainly as the Outspost and Pinnington solar projects in Texas reached full commercial operations.

Capital optimization will continue through our active asset rotation model to finance new investments and reduce our risk one rotation in the US and another in Spain are in their final stages expected to be announced soon.

Our deep development pipeline allows us to select the best projects, prioritizing returns and minimizing financial exposure. By 2027, we expect to be at a maximum of 9 gigawatts of assets in operation, comparing with a range of 9 to 10 gigawatts that was the strategic range of generation capacity.

Finally, we are also exploring opportunities to increase our returns by leveraging on the development of data centers. Yesterday, we were granted with 402 megawatts of interconnection capacity for this development of data centers in the northeast part of Spain in Aragon, so we are going to benefit from our large project expertise and the synergies with our generation assets.

Moving now to the financial results. In this slide, you may find a summary of the figures we have discussed today. Regarding the windfall tax in Spain, the cash impact in 2024 was EUR335 million. This was the last payment related to this extraordinary tax as the proposal for its extension was not ratified by the Spanish parliament some weeks ago. For further details on our results, I encourage you to refer to the complete set of documents released this morning.

Let me highlight that the 2024 integrated management report has already been drafted according to the requirements of the new European sustainability reporting standards. Anticipating the transposition of the Corporate Sustainability Reporting directive to the Spanish legislation.

In addition, an aligned with stakeholders' requests over the years. This year, we have also substituted the previous target of achieving a 30% reduction in absolute scope 1, 2 and 3 net emissions by 2030 with a new target of achieving by 2030, a 20% reduction in absolute scope 1, 2 and 3 emissions based on products sold and with no consideration of avoided emissions. We have had, let me say, a deep discussion over years about this concept.

But -- I mean, finally, we are delivering this information related to this criteria that let me say, most of you, you were defending. This further reaffirms the consistency of our decarbonization path with the objectives of the Paris agreement and the global ambition of net zero 2050.

Moving onto our outlook for 2025. We are assuming an oil price of $75 with $3 of Henry Hub, $6 of refining margin indicator, generating between EUR6 billion and EUR6.5 billion of cash flow from operations. We expect our net CapEx between EUR3.5 billion and a maximum of EUR4 billion.

And we are including here the rephasing of hydrogen and the renewables investments. This figure also includes the closing of the Bunge acquisition expected next month after receiving all the required authorizations.

This level of net CapEx will enable us to start up Leon Castile and Alaska this year to progress in Campos 33 in Brazil. To conclude, our chemicals differentiation projects, mainly Sines to complete the advanced fuels unit in Portolano I mentioned before, and to launch the Ecoplanta, this gasification unit using urban wastes and these 300 megawatts of electrolyzer capacity I mentioned before. All of these together with the objective of reaching 5.2 gigawatts of renewable capacity and increasing our customer base in the power business.

In terms of remuneration, in 2025 Repsol will distribute a cash dividend of EUR0.975 per share an 8.3% increase over 2024, complemented with a minimum share buyback of EUR700 million to reduce capital. This will put total shareholder distributions at 30% to 35% of the cash flow from operations, again, at the higher end of our 25% to 35% strategic distribution range.

Aligned with this, the Board of Directors approved yesterday to propose to the next AGM, a capital reduction of shares to be acquired for an equivalent amount of EUR350 million to be executed before the end of July, I mean, with EUR300 million to be acquired through our share buyback program and the remainder, EUR50 million through the settlement of currently existing derivatives.

In conclusion, Repsol is evolving grounded on its competitive advantages and the organization is transforming while we continue investing in optimizing the traditional businesses. Repsol completed last year, a solid start to its strategic horizon to 2027, setting the framework for sustainable and profitable growth we delivered a resilient a strong set of results and operating cash flow, cash is king, keeping debt under control and meeting our remuneration commitments.

We look confident into 2025, confident on the execution of our strategy and confident in our capacity to adapt our road map to changes in the market environment. Assuming a prudent macro scenario this year, we expect to generate a similar level of operating cash flow than in 2024, increasing the distribution to shareholders according to our plan. Net debt will remain in check, reinforced by a lower net CapEx and within the full boundaries of our financial frame.

We maintain our broad objective on the energy transition adopting new metric standards as requested by our stakeholders. And we continue believing in our profitable transformation. We focus on improving our upstream portfolio, improving the barrels we produce decarbonizing our industrial hubs, developing new low-carbon commercial businesses that are growing and giving us an additional cash flow from generation coming cash flow from operations, sorry, coming from these businesses and at the same time, increasing our renewable generation capacity.

So with this, I will turn it over to Pablo as we move on to the Q&A session. Thank you very much.

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

Thank you, Josu Jon. Now as usual, before moving on to the Q&A, I would like the operator to remind us of the process of a question. Please go ahead.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

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

Alessandro Pozzi, Mediobanca.

Alessandro Pozzi - *Mediobanca - Analyst*

Thanks, Pablo. And good afternoon all. I have two questions. The first one is on production guidance, 530 to 550. you mentioned you hope to be -- or you can to be towards the top end of the range. Can you give us maybe some color about what are the moving factors within that guidance. Because also the top end of the range is, I think with Q4, and we will have two more fields coming on stream before year-end, Leon Castile and in Pikka.

So I suspect that probably towards the end of 2025, the exit rate will be maybe higher. And I don't know if you can give us maybe some thoughts of what could be production in 2026, also on the back of the new startup, but also I think you have Libya as well, I was wondering how conservative you are when you factor in production from Libya and also Eagle Ford, I mean, the gas prices have been quite volatile. That's the first question.

The second question is on the disposals. You mentioned EUR2 billion. Can you give us maybe a bit of additional color of what you're planning to sell this year and the timing? Thank you very much.

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

(spoken in foreign language) Thank you, Alessandro. So I mean, I'll give you a range of production, but as a disclaimer, I underline that -- I mean, today in our budget, we are in the high part of the range, I mean, at around 550,000 barrels a day.

We are factoring 20,000 a day, less than the production we had in 2024. The reason to give you this range is because, I mean, as I mentioned before, in case of seeing that today is not the central scenario, a low gas price in the US and so on, we could be more reluctant to invest to introduce a new rig in the Marcellus in coming two months.

I think that, that is not going to happen, taking into account the current arena and mainly taking into account that we are already hedging through this collar with no cost I mentioned before, 55% of our production for the whole year with a floor of $3 million Btus and capturing the price till [$66 per 1 per million of Btu].

So I'm comfortable in the top end of the range today. The moving factors, I mean, except in this, let me say, unconventional I mentioned before, I mean, if we compare with 2024, we are going to have more Libya, only because of the force majeure we had in 2024. I mean let me stress that in 2024, in gross terms, due to new wells, we have add production in Libya that could be equivalent to roughly speaking more or less 37,000 barrels a day.

I mean 37,000 barrels a day will be 6,000, 7,000 barrels a day net for Repsol. I mean we are adding new wells due to this production campaign in Libya. But on top of that, this year, in 2025, we are going to finalize the pending of 32 new wells. And we are going to add more than 15,000 gross barrels to this Libya production. So we are now increasing in a significant way the production in Libya, of course, we have to translate to net Repsol this figure. And I'm also optimistic because in the last day of the year, in December 31, we launched an exploration campaign in Libya, the Nesser well after 10 years of delay, we have two rigs contracted. On top of that, I mean, we are analyzing further bid rounds in Libya that are going to be the first in 20 years. So let me say that this represents in a very good country with a very good geology a country that has experienced, I mean, difficult years over the last 15 years. But even in this difficult, let me say, social and political arena they always have respected their contracts with a very strong rule of law. And with -- in some way, legal security in the country. So that is going to be a part of the increase of the production this year.

We have divestments, I mentioned before. If we take into account Colombia, Trinidad and Tobago, and the part we disposed in Eagle Ford, we are going to lose roughly speaking, 20,000 barrels a day. So that means that this part is going to be lost and is probably the difference between the 2024 and 2025. So it's mainly disposals.

And on top of that, I mean, we have some kind of natural decline in Bolivia, 2,000, 3,000 barrels a day. We also could have in the unconventional, mainly in Eagle Ford because the reduction of investment over the last two years a reduction in production, but what is important, we are increasing in the Gulf of Mexico already this year because Leon Castile is going to start producing in July.

We are going to add more than 8,000 barrels a day net this year over the whole year for Repsol, we have a small decline in Senzi, but in the Gulf, we are growing. And we are going to see also some additional production in UK because a higher efficiency, mainly Claymore and Piper.

So we are not factoring any kind of production of Alaska this year because we are going to start producing in December, so we would be pretty optimistic, let me say, to include figures about Alaska taking into account that production is going to arrive in December.

But Alaska already Pikka is going to be produced in the first part of the project gross probably speaking, 30,000 barrels a day for next year gross. I mean you know that we have 49% there. And before the end of the strategic plan, 2027, we will be, I mean, fulfilling the Pikka targets of 60,000 barrels a day gross.

I mean, I remind you, you perfectly know Alessandro we have almost a half of this project. So we don't see -- I mean, we could have, of course, any kind of opportunistic rotation of assets in the upstream, but we are not seen any significant disposal this year, in 2025.

And going to the disposals figure, EUR2 billion, let me say that [EUR300 million are going to come from Colombia. That's the money we are going to cash in about the disposal, we closed in the end of 2024. So this quarter, we are going to receive this money some, let me say, a small additional potential marginal disposals we could have in some businesses and EUR1.5 billion] is going to come from the low carbon business including the asset rotation and in any case, the potential deconsolidation of debt.

So this [EUR1.5 billion] is related to the -- as I mentioned before, the Gallo project, 400 megawatts in Spain is going to be closed probably this quarter, and we have an advance in this rotation. We have the Frye plus the Jicarilla projects that are also advanced this quarter, I mean, 750, 770 megawatts.

And by the end of the year, we are preparing a basket of 700 megawatts in Spain. And on top of that, we could have also I mean, 600, 700 additional megawatts in the States before the end of the year, mainly related to the Outpost projects.

So all in all, we are -- I'm not going to say that it's not challenging, but taking into account that, I mean, probably a figure close to half of this figure is going to be at around the end of first quarter, including Colombia plus these two asset rotations in this year we are quite comfortable about this EUR2 billion disposals for this year. Thank you, Alessandro.

Alessandro Pozzi - *Mediobanca - Analyst*

Thank you.

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

Irene Himona, Bernstein

Irene Himona - *Bernstein - Analyst*

Yes, hello. Thank you very much. You mentioned the preparation in upstream for the liquidity event. I wonder if you can say whether you're still working towards an IPO or -- could it be a different type of deal? And then secondly, and thank you for providing the guidance with the results this morning.

Thinking about the buyback of EUR700 million as a minimum this year, how much flexibility is there in your gross CapEx budget in case not all of the EUR2 billion asset disposals materialize, please? Thank you.

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

Thank you, Irene. I mean, first of all, you are right. We always talk about liquidity event. You perfectly remember, Irene, that because the company and our statements that at the very beginning, we start talking about IPO. We prefer to talk about liquidity event because IPO is an option, depending on the market conditions, but we have additional options.

I mean a reverse takeover is another option. A private liquidity event is another option. So the commitment we have is to prepare the vehicle together, and we are fully aligned our partners of EIG and Repsol by the end of the first quarter of 2026 in case of seeing market conditions to be prepared to do that. And the range of options is open as I mentioned before. And as I always repeat, Irene in the end of the road is important, but also it's important what we are doing in the midst.

I mean, disposing countries with no growth or capacity of creating value. So let me say, cleaning a bit the perimeter and the scope of countries where Repsol operate in order to make our company more under stable for an American investor increasing the position in the US, I mean, we are betting in favor of the US already at 31% of our capital employed, as Repsol is in the US, we are comfortable investing in the E&P business and some of the businesses in the US.

And I think that, that is positive in terms of making and developing a strategy for American investors for the future. And on top of that, we are increasing the cash flow from operation of the barrels we produce. I mean, the battles we are going to add in the Gulf and in Alaska this year are better barrels than the barrels we are disposing, and all that is going to be positive. It's true.

I mean because people and Alessandro and so on, they were asking and they were right about the concerns about production where we are going to be. Remember that we said that when we presented the strategic plan, that we were going to have some kind of floor in 550,000 barrels a day. This year is going to be the year of the floor because we are starting to add barrels in July, in December and this year, we are going to have a higher production than the production we have today. But what is more important, not only more barrels, that is not our target. We are going to have better barrels. I mean we are always making in favor of value over volume.

I mean, the buyback is going to be there. First, the buyback is going to be related to the cash flow from operations in any case. And let me say that we have a range of 600 -- sorry, EUR6 billion to EUR6.5 billion of cash flow from operation. And when I'm calculating this EUR700 million we are taking the low part of the range. I mean, 0.3 multiplied by 6.

So I'm comfortable because -- I mean I think that there is on taking into account not only the market conditions, but also what we are doing in terms of having a more efficient company and so on to be not necessarily in the low part of the range.

But I prefer to be prudent about that because we are in February, and we will have the opportunity to talk about that in coming quarters. But even in the case of [6, I mean, we will have a 1.8] that taking into account the cash dividend we have programs to have a buyback of EUR700 million. what I want also to underline is the financial balance sheet and capacity of the company. I mean, as I mentioned before, excepting leases, we are in a net debt of 2.4% as given.

And saying that, I also mentioned when I presented the strategic plan, if we have, let me say, a worst environment macro scenario, we will reduce the gross CapEx of the company. And I mentioned before, quite comfortable about disposals because half of them could be materialized in coming two months.

So that is going to be positive for Repsol, but we have a quite strong flexibility, mainly in the low carbon business to reduce the effort of this gross CapEx over the year. We could also, let me say, delay a bit some kind of FIDs we could take over the year.

I mentioned before, three electrolyzers I think the aim and the target we have is to be producing by 2030 before 2030 because you know that have we see an opportunity because, I mean, fulfilling the European regulation in terms of renewable fuels with non-biological origin make sense and give us the opportunity to have the right returns in this electrolyzer projects, but we have some room to delay some of them. Thank you.

Irene Himona - *Bernstein - Analyst*

Thank you very much.

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

Michele Della Vigna, Goldman Sachs.

Michele Della Vigna - *Goldman Sachs - Analyst*

Thank you very much. Josu Jon, congratulations on a very strong set of results. I wanted to ask you two questions if I may. The first one is in your E&P business. It looks like you've got the best pipeline of growth projects you've had for a long time. I was just wondering, if you add altogether these projects, how much overall cash flow.

Do you think they will add to the company's E&P division in the coming years? And perhaps if you could expand a little bit on block 29 in Mexico, how large do you think that development can be after the recent success?

And then secondly, you highlight a material disposal of renewable assets this year that I think very welcome news I was just wondering if you can comment a little bit on the market for these asset transactions. In the past, you talked about 1.3 times value to invested capital. It feels like perhaps it's been slightly deteriorated, but I was just wondering if you could give us a mark-to-market of where you see it at the moment. Thank you.

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

(spoken in foreign language) Michele, thank you. I mean, roughly speaking, Michele, and we could go to the granularity of what I'm going to say now as far as you want or later, if you like checking with our IR team. But roughly speaking, I mean, remember that when we presented our strategic plan, we said that we are going to improve.

The whole barrels we produce in Repsol in 4 point -- let me say, $5 a barrel the cash flow from operations, roughly speaking, the average of the whole barrels because the effect of the new ones. So if we take roughly speaking, again, let me take that is not the figure It's only to make maths easier, 200 million barrels a year of production. That means that we will be adding $900 million the total amount of the cash flow from operation from the upstream at the end of the road. And that is because the effect that the new barrels and when I say new barrels, I'm mainly talking about the Gulf and Alaska, they are going to have a figure close to $40 a barrel of cash flow from operations.

So we are comparing this $40 per barrel of these new barrels with an average in Repsol of [14], we had at the beginning of the strategic plan. So because this effect, and I have to take, let me say, and still want to calculate a bit the number of barrels, both percentage and so on.

But because this effect, we are improving in $4.5, $4.6 a barrel the total basket of Repsol. So the combined effect could be at around, as I mentioned before, 200 million barrels a year, multiplied by 4.5 at the end of the plan, $900 million, more or less roughly speaking, the new -- the improvement in terms of cash flow from operation in the upstream.

Going to the block 29. I mean, we could be -- first of all, let me say that you know that we are here in the 29 and we are also part of the Yopaat project. So I think that there is room to analyze how to develop all this area in the midterm.

But today, what we are seeing in the B29 could be 60,000 barrels a day gross production, roughly speaking, and the development could be a development with a CapEx at around $500 million, $600 million more or less gross. So that could be the figure.

We could today share with you. But I mean, I think that there is room to go on analyzing this figure in the gross future because, as I mentioned before, I think that there is room to optimize this project, developing the whole area.

Going to your last question, market for asset transaction renewables. I mean let me say, the market is very positive in Spain today. It's a mixture, let me say, of good PPAs, a better financial framework in Europe comparing with what we have in the US.

The main part of the projects we have in Spain are wind. And you know that wind now is almost gold in renewables. And so we have a very positive scenario in Spain. I'm not going to hide you that it's more complex in the US. And we have had I mean -- and being, let me say, close to an end to the first basket of assets in the US, this first part has been tougher than it was before in Spain. And the reasons are, first of all, the financial arena in the US, but it's not the only one. Remember that these projects, they were started developing them in 2022, more or less, at that time, the PPA level was lower than it was today in the US.

And at the same time, we also suffered the inflation costs coming from the -- not only the post pandemia, but also the Ukrainian crisis and so on. So it seems to me that the second rotation we are going to develop at the end of this year is going to be easier than what we are going to deliver this first part of the year, and we are now in the -- close to the closing process. Thank you, Michele.

Michele Della Vigna - *Goldman Sachs - Analyst*

Thank you.

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

Alejandro Vigil, Banco Santander.

Alejandro Vigil - *Banco Santander - Analyst*

Hello, thank you, just for taking my questions and Congratulations for the solid outlook for '25. Two questions, if I may. The first one is about the US and natural gas market. We are seeing I would say, a boom in terms of activity related to data centers and gas generation.

And you have a portfolio there that looks well positioned to leverage that opportunity. If you can explain your thoughts about your plans in that area, in that business?

And the second question is about in the low carbon generation business that is already about 20% of your capital employed, EUR6 billion but looks more difficult to crystallize the value here. So if you can elaborate what your thoughts about the strategy overall of this business, the level of annual investment returns, et cetera. Thank you.

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

(spoken in foreign language) Alejandro, thank you. I mean, going to your first question, about the US natural gas market. I mean we are prudent and prudence is reflected in the figures of our budget for this year. I mean, remember that I talked about $3 per million Btu in the American market as Henry Hub, but the view we are seeing is a bit more positive.

And it's going to be probably more positive also for Repsol because I mentioned before, a 55% of the total production we have this year related to Henry Hub is already hedged through this color. I mentioned -- I mean -- and we are going to capture with a floor of [$3], all the potential upside we have till $6.1 million -- sorry, $6.1 per million per Btu.

What we have seen, and I think that you mentioned some key aspects, Alejandro. First of all, there is a potential increase and a real increase in demand. That is not only, let me say, due to seasonal effects, we know that in the US, we are experiencing a cold winter, I said because -- I mean, on Sunday, we are going to go to Boston to start the roadshow after this presentation and I mean, this is quite cold today and those days in the in New England and all the Northeast part of the US. But on top of that, I think that there are some structural effects. One of them is the potential increase in industrial demand in sectors like chemical there is also everything related to data center and you mentioned before, that is in some way pushing in a positive way the PPAs in the renewable sector, we are experiencing that. Remember, in my last answer talking about the increase in the PPAs we are seeing in the US in the renewable power generation.

But I mean, renewable is not enough. We need some kind of base generation. And on top of that, what we are seeing is that, I mean, the new nuclear -- mini nuclear and so on is okay, but that is not going to be in operation in coming five, six years. So gas is going to be needed. Gas is going to increase its demand in the US, and we are seeing also new licenses.

And in this sense, the effect of the Trump administration is going to be very positive for the American gas because the new licenses to export LNG are going to increase the demand in the American market is positive for American producers as Repsol.

And let me say more is very positive for Europe because it's going to push LNG prices down in the world and it's going to be very positive for the European industrial sectors. And on top of that, let me also say that, that is going to help to reduce the carbon emissions in the world because the global South is going to have a cheaper gas, and they are going to be able to do what they can't do over the last three years that is shifting from coal to gas. So these new energy policies are going to boost the gas sector in the US. We are well prepared to be there, we have our asset in Marcellus, mainly Marcellus and also the Eagle Ford. And because what we are seeing that we are preparing a new rig in Marcellus this year in April, May, to start, let me say, taking advantage in case of needed of this opportunity.

If we go to your question, I mean, we have to take into account, first of all, that it's true that this business is growing and probably grew in the 2024 on more than expected in relative terms in the strategic plan because I mentioned before, we are going to have the main part of rotation this year in 2025.

But again, we are, first of all, fully committed in terms of prioritizing returns over any kind of consideration and returns are there and I'm going to develop this idea. Secondly, the maximum of the capital we are going to employ in this business over the period of '24, '27 is going to be between EUR3 billion and EUR4 billion.

As I expressed when we presented the strategic plan, and that is written in stone. That is, let me say, a limit and that time, we are not going to overcome.

Thirdly, let me say that we have a capital employed that is not working, because it's all the pipeline and all the capital that is under construction. So the capital employed in real terms is significantly lower. And also, let me say that in all projects, we are investing in. The return on the equity we apply that is above a 10%. And I mean we have, let me say, a problem that is our problem, not yours.

That is not sometimes easy to see the crystallization of value of this business in our accounting. Why? Because a part of the recurrent value generation of this business is the rotation model. The rotation model with significant capital gains.

I mean, if we take the development of the model over the last three years, we have had EUR300 million of capital gains for the 100% of the disposals of rotation, we develop that you can't see these capital gains in our accounting because we are consolidating the projects, retaining the 51% that in our balance sheet that is let me say, is in the is not in the P&L.

So that is, let me say, we are going to develop in coming weeks, months, some kind of let me say, pro forma methodology to try to explain in a better way that because you are, right, you have not seen this positive effect in the P&L, so it's not your problem, it's mine, because we are not able to explain that but we are going to do our best to reflect all that in our, let me say, in our explanation to analysts and to investors. So saying that, let me say that this return and this capital prudency is over any kind of consideration and because that is real, remember that I mean, last year, one year ago, we talked about something between 9 to 10 gigawatts as a range for being -- or having in operation by 2027. And today, I said, okay, we are, in some way, moderating our ambition.

And probably we are going to be at around or roughly below 9 gigawatts in operation by 2027. And that is because we are going to prioritize in any case, returns, and we are going to prioritize also in our consideration the prudence in terms of this capital employed.

And let me only add one thing. I mean we have been able to build 2.5 customers based business, over the last four years, starting from 600,000 in our retail power business in Spain, and that is due, of course, to the great job of our customer site people but is also because the competitive advantage we have because the production of low carbon generation we have in Spain.

So thanks to the low carbon generation business in Spain, we have built a business with 2.5 million customers that is value creation and on top of that a business that today is not consuming any cash to the company, has a positive free cash flow, EUR25 million, EUR30 million last year in 2024 and adding month after month new clients that were more or less 300,000 new customers last year.

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And this year, I think that we are going to be at the end of the year in a similar growth we had last year. So the value is there. The value is crystallizing in a prudent way. But you are right. We have to explain in a better way this value creation.

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

Biraj Borkhataria, RBC.

Biraj Borkhataria - *RBC Capital Markets - Analyst*

Hi, thanks for taking my questions. I have three, if I could. The first one is on the low carbon segment. Sort of early to mid-last year, there were some reports around you potentially selling down a stake in the entire business to a strategic buyer. Could you just say whether there's still active discussions on that one?

And then the second question is on mobility. In your slides, you mentioned specifically the anti-fraud regulatory measures. And then the result there was particularly strong this quarter. So could you just help me understand exactly what's changed there?

And then the final one, just on the US gas hedging, given the curve has been -- in the US has been moving higher. Have you started to think about or put in place 2026 hedges? And should we expect a similar approach to 2025? Thank you.

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

So thank you, Biraj. So going to the farming down of the entire low carbon business. I mean -- and I think that I mentioned that in the last call, we have had or we had a non-solicited approach from a company, willing to be a shareholder partner in our low-carbon business. And I underline it was a non-solicited approach and the discussions are still there, are active. And I'm sure, Biraj, you'll understand that I can't deliver more on that. But I mean, it's active.

Secondly, the mobility anti fraud measures. I think that work has been very important. First of all, there is a change in terms of what is happening in the market. As I mentioned before, I mean, in December 2024, we have seen in December because this effect started in November, more or less. And in December, we saw an increase of 11% in our mobility business in Spain versus the same period of 2023.

So we are taking out figures now that are in line with those of December 2019. So we are recovering pre-pandemic figures in our mobility business. That is very important. I mean I think that is not usual in Europe, taking into account the evolution of European market. We are recovering the pre-pandemic figures in mobility.

What has changed their mainly that -- I mean the Spanish government, Spanish parliament and Spanish political parties, they are working in the right direction to avoid this fraud against Spanish taxpayers, and against the environment because they were also, let me say, not fulfilling the obligations, the incorporation of biofuels established by the regulation.

So what changed was that the Spanish parliament approved some kind of VAT payment deposit for any operator operating in Spain before taking or lifting in the volumes. And that is making hard for people involved in the fraud to go on with the former operational way they had.

So on top of that, I mean, I also want to congratulate I mean, the police, the Spanish Guardia Civil and all the security forces in the country and the judicially because they are fully committed to work together against this fraud that, I mean, probably in a year term could be a flood of [EUR1 billion, EUR1.5 billion] against the Spanish taxpayer. A huge figure and now I think that all the Spanish institutions, as I mentioned, parliament, government, security forces and so on, all of them are working together to avoid and to solve this problem.

Going to the hedging, I mean, you are right. What you mentioned, I think that is a good strategy that we are trying to develop or to perform I mentioned before the hedging figures in -- for 2025, if we go to 2026, we have already 50% of the total production expected this year, in 2026, a hedge through our collar with non-cost $3.2 million Btu to $5.1 million Btu.

That means that we are guaranteeing a minimum price for half of the production of 2026 of $3.2 million Btu, and we have the whole upside scale $5.1 million Btu with no cost. And we are starting in a prudent way, probably at 10% has been done hedging the production of 2027, taking advantage of this moment of the market. Thank you very much, Biraj.

Biraj Borkhataria - *RBC Capital Markets - Analyst*

Thank you.

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

Henry Patriot, UBS.

Henri Patricot - *UBS - Analyst*

Yes, thank you, everyone Two questions, please. The first one on the shareholder returns. I was wondering if you can come back on the rationale for adopting this upper end of the range, the 30%, 35% of cash flows for this year and whether that should be in the standard range going forward?

And then secondly, on the cash flow guidance this time and taxes because in 2024, you had a pretty low cash taxes paid. Just wanted to get a sense of what's embedded in the guidance for tax payments in 2025. Thank you.

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

Henri, thank you. I mean, you know that we announced a range of 25%, 35% for the whole period. Why are we taking the 30%, 35% for this year, mainly because of two reasons. I mean, we are comfortable, of course, in taking into account, I mean, the different estimates we could have with the environment, what we have seen in terms of oil price, gas price, refining margin is giving us some kind of comfort about the environment we need to sustain this remuneration range, also the balance sheet of the company, I mean, we could do it.

And third, we are also comfortable in performance terms. I mean, businesses, development of projects and so on, they are performing in the right way. And all that gives us the comfortability to be in the upper end range of the remuneration we committed at the beginning of the strategic plan, so 35%.

I mean if we go to '24, I mean and taxes, there are, I think there are two effects. One of them that you could see that in the tax, the average tax for the upstream business has been slightly below the average at around 40% a year in 2024, and that is because, I mean, in some jurisdiction, international jurisdiction, we have over the year, opportunities to optimize the tax position of the company.

And in terms of tax paid, I mean, there are some temporary effects in terms of our relationship with the Spanish administration, but I mean, nothing unusual. And in any case, 2025, I think that it's going to be, I mean, taking into account that year after year in the international arena we are improving our position. That is also true, but it's going to be a normal year in terms of tax paid, 2025.

And, of course, this normality is fully included in the cash flow from operation of EUR6.5 billion, I mentioned before and is going to be fully aligned with the strategic plan. Thank you, Henri.

Henri Patricot - *UBS - Analyst*

Thank you.

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

Ignacio Domenech at .

Thank you.

Ignacio Domenech - *JB Capital Markets - Analyst*

Hi, thanks, Pablo. The first question is on natural gas prices. You could provide us some color on the level of starts in Europe and the volatility that we could see throughout the summer. And if this could have an impact on your gas wholesale and trading division.

And then my second question is on chemicals, okay? It's still that it's been roughly now like 10 quarters with negative operating income in this division. So I was wondering, if the outlook could improve in the coming months or still 2025 dynamics still look at bit depressed.

And my last question is on data center in Spain. If you could clarify what is your strategy here? And how do you expect to monetize data centers, if it's just through power sales PPA, essentially what is your view there. Thank you very much.

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

(inaudible), Ignacio. Thank you. I mean, you mentioned our gas trading division and so on at the very beginning of your question. And let me comment, I mean taking advantage of your question, when we are, we talk about the P&L of the industrial business, I mean, we mainly talk about the refining margin. And that is important.

But more and more, we have two hidden businesses in our industrial division that are the liquid trading and the Gas Trading division that this year in 2024, last year, which I said, they had already EUR1 billion of combined EBITDA between both businesses. And this year, they are going to be also there.

So that is an important activity. This trading of liquids and gas. So what could happen Ignacio, have as you could imagine, as you say, and you know a crystal ball, but it seems to me that, first of all, we have, and we have experienced a quite medium cold winter in Europe after two mild winters.

And in some way, everybody thought that, let me say, what we saw last year and two years ago was the new normal, and that is not the new normal. I mean, winters could be cold in Europe. And gas consumption was, I think the figure I have in mind, the storage was at around or below 50% at the beginning of February and probably we could achieve a figure in weeks of 25%, 30% of, that means that we have to fulfil probably the European, the European storage capacities to prepare the next winter because I don't know what is going to happen. I don't have a crystal ball about geopolitics. But I think that to anticipate now that the peace in Eastern Europe and so on is going to come in a quick way, I mean, it's not easy to anticipate.

So I think that it makes sense to prepare Europe for next winter. And all that is going to put a pressure on gas prices in coming weeks, months. But again, that is a central scenario, but things could change. And all that is probably to put a pressure to push to maintain current gas prices that are expensive or to push these prices up or above the average or in previous years, previous years, I'm talking about 2021, 2022. I'm talking about a normal year in Europe.

That is not good for European consuming industry in terms. I'm talking, I'm thinking about the steel mills, about paper mills and some others. And, I mean, because we have a long position in the Gulf in the US in the LNG projects. So we could have a good position to arbitrage this cash between the US and Europe.

So going to the chemical, I don't have a positive outlook for coming months. And I'm going to link this question with the previous one, Ignacio,high gas prices are also impacting in a negative way on the European chemicals business, including Repsol business. That means that I mentioned before, we are going to have and our expectation is the year that we could have a positive EBITDA, but we are not going probably to have a positive EBIT this year. We are going to have a negative EBIT in 2025.

All that is included in the figures of cash flow from operations, I mentioned before and in our guidance, and what we are doing more and more is in this sense, reducing the breakeven been more efficient. I mentioned before that we have reduced. We have reduced the year the breakeven of our chemical business to EUR220 per ton of international margin and preparing the ground for 2026, where we are going to have the new projects producing already a significant new EBITDA that is going to put this business in positive numbers.

So that's, I don't have a positive approach for coming months for the Chemical business. I mean saying that, we could see and we are seeing some small recovery in demand terms, but it's not going to be enough.

Going to data centers in Spain, yes, I'm going to clarify what we expect is, of course, to monetize our position, but monetize our position, I mean, offering all the package we could offer to a partner ready to invest in a data center.

So what we could offer and could be quite unique is the interconnection capacity I mentioned before, 402 megawatts and we have planned in the area. We have water in the area. And as you mentioned, we could offer, of course, a project a PPA in a project that because the regulation considers that is a self-consumption project. So could have a lower cost outside the system.

So with no investment, I mean only the investment, if we develop, let me say, a short investment in the project of renewable power generation, but we could offer a package that is quite unique, and we could monetize to someone ready to invest.

Now because we received yesterday, the authorization for doing that, we are going to prepare this package and work on that in coming weeks, months. But again, that is not a Repsol investment. It's an investment that is going to offer to a third party, taking advantage of the unique position we have and monetizing this position.

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

Pablo Cuadrado, Kepler Cheuvreux. Pablo, are you still there?

Giacomo Romeo, Jefferies.

Giacomo Romeo - *Jefferies - Analyst*

Yes, thank you. A couple of questions remaining. First one is, I believe you have a 1 million tonne contract starting with Centrica started in January. And, of course, by now, you should have had your uptake from Venture Global and probably it's not going to start until April. Just wondering whether you have any price risk associated with these deliveries.

Second question is we are hearing about issues with regards to Maya crude deliveries in the Gulf of Mexico. Are you experiencing similar issues with your Maya crude deliveries? And if I can squeeze the third 1 is, there has been, you had an adverse ruling in Alaska with regards to the road access for the Pikka unit. Is there going to have this, do you think this could cause any sort of impact on the project cost or time line? Thank you.

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

Thank you, Giacomo. I mean, as far as I know, the Venture Global contract we have is nothing related to Centric. I mean it's a new LNG coming from venture, from the Gulf. And I mean we have an arbitration demand against then which I'm not going to elaborate too much because the confidentiality framework for this arbitration. But on top of that, this week, Venture Global announced that this facility, that is the Calcasieu Pass facility is going to start operations in April 15.

And that means that we are going to start receiving this cash from the contract we have with ventures, and that is going to improve. Of course, as I mentioned before, Repsol's gas trading activities. On top of the demand we have because they significantly long, let me say that, commissioning process of this LNG plant.

The price for these deliveries, I mean, we are going to take let me say, a Henry Hub plus the cost that is a quite competitive LNG plant in cost terms, probably one of the best of the Gulf. And we are going to have the arbitrage to put this gas in Europe, taking Europe and Asia, taking the advantage of the TTF or MBP or JKM or some other markers in the market.

Yes, we had this Maya crude problems, not similar to some others because I have read that some operators or refiners, they even have difficulties to formulate gasolines and diesel because this Maya concerns. In our case, I mean, we had to reduce in one of our refineries on two of our refineries, the distillation capacity because this water problems in the crude oil.

And we have an additional cost, but roughly speaking, the total cost of the of this problem, PEMEX has with the Maya because this water infiltration could be at around $15 million, $16 million for the whole operation of Repsol. I mean, it's is material that when we compare with the margins of our refining business, I mean, it's something that we could deal. And, of course, we will negotiate for the future with the provider that we have been producing in a normal way. That is important in our refineries, diesel and gasoline over January and the period where we had this problem.

In terms of going to Alaska, I mean there is no, any kind of impact in timing and in cost terms for this road access to our Alaska Pika facility. So I mean, we don't have any additional cost evolve what we forecast, and we announce and deliver in CapEx terms, so we don't have an additional cost.

What we are seeing, I mean, and that is not exactly related to your question is that we are seeing in Pika on top of this project, the new approach of the American administration to the energy sector, I mean, prioritizing security of supply and the competitiveness of the American energy sector, what we are seeing is the possibility to, I mean, to have in the future, new prospects, not for tomorrow, back in Alaska related to federal lands. So I think that, that is an opportunity to have an upside in value creation for the future for this Alaska project. Thank you.

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

Lydia Rainforth, Barclays

Lydia Rainforth - *Barclays - Analyst*

Thank you, Pablo. Good morning and good afternoon. Thank you for all the color you have given. I do have three questions still. Just to, you talked about a lot of different things today. But just on the cash flow guidance for 2027, I think in the original plan, that was EUR8 billion.

And obviously, talking EUR6 billion to EUR6.5 billion for 2025, you've outlined a lot of the projects that come on stream and particularly in the upstream and how free cash flow generative they are. But there's also those changes in the renewable side. So I just want to get, if we're putting everything together, we're still comfortable with that 2027 sort of guidance plan.

And then secondly, just coming back to data centers and it's a fascinating area, are you seeing a willingness of sort of data center providers and hyperscalers to actually pay more from the power side to actually differentiate we want access quickly to electrons and so we're willing to pay a premium, whether it's clean or for reliable energy.

And then just finally, on the refining side, it does look that we're seeing some real differences regionally at the moment and particularly for parts of Germany being weaker? And just kind of realistically what you're seeing in just a quick summary of the outlook for the refining part. Thank you.

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

Thank you, Lydia. I mean, we are, and we are seeing this EUR8 billion you mentioned, by 2027, and what is the gap between this EUR8 billion and EUR6.5 billion in 2025. First, the new upstream production. In absolute terms, because we are going to have more production in 2026 and 2027, and we are going to have additional cash flow from operation because, as I mentioned before, the barrels are going to enter this year. And a part of them are not, in any case, factor in 2025, that is Pika, its Alaska. They are going to add $40 a barrel of new cash flow from operation in coming two years. So that is the first part.

The second, I mean, the least a half year is the increase in EUR200 million in the customer business of EBITDA and cash flow from operation from 2024 to 2027. Third is also the growth in low-carbon businesses that is going to add in more or less roughly speaking, between EUR300 million and EUR400 million of EBITDA by 2027. And there are two gaps that I have today more clarity or more expectation about the possibility of recovery that is the HVO margin. That is going to add also a part of this increase by 2027.

And going to the Chemical business, I mean, we are going to have EUR140 million more coming from the projects that is going to happen and probably the scenario is going to be worse than expected in the Chemical business in 2027, saying that we are working hard in efficiencies, Lydia we launched and I don't want to talk about figures because I prefer delivery than previous announcement.

But last summer, in 2024, when we were seeing some kind of concerns about the macro scenario in the world, we launched a very intensive efficiency and synergies program in the company. This year, in 2025, we are going to see the fruits of this program, probably the high range of the cash flow from operation is also in some way related to these new efficiencies we are going to have in Repsol.

And you know that we have a quite good experience in the efficiency program in this company, and that is going to cover the gap we could have in the chemical business or in some other businesses to guarantee that this EUR8 billion are going to be as ambitioned in cash flow from operations in the central scenario in 2027. I agree with my reluctance about the renewable hydrogen, Lydia.

For that reason, we are reducing in a dramatic way the installed capacity, we announced as ambition four years ago or three years ago in the low carbon day here in Madrid, in Mostoles, to the current situation. So we are going from 1.9% to something between [700 1.2] gigawatts in 2030. And as I mentioned before, 350 megawatts are going to come not from investment, but from biomethane that is going to be transformed in the reformers of our refinery.

And what we are taking as hydrogen ambition and target by 2030, Lydia is the part that is going to be used in our own refineries to produce their renewable valuable hydrocarbon molecule that, as you know, that is going to be and is already in the European directive a regulation need, and we are going, first of all, this hydrogenation competing with green hydrogen is competing with the import of HVO, molecule. And on top of that, we have to produce 1% of our total production we sell to our customers in Spain has to be produced 1% with renewable fuels with non-biological origin.

The only way we know to produce that is today and the most competitive using hydrogen. And this 600, 700 megawatts of floor, I mentioned, is fitting with this obligation. So we are going to produce hydrogen with returns above the 10% rely on this regulation, and I have, let me say, the same concern and skepticism you could have or you showing your question about the capacity of some other sectors like steel sector, paper sector, cement sector or chemical sector to use this hydrogen substituting natural gas. For that reason, we are phasing down in a dramatic way our hydrogen investment and our hydrogen expectation by 2030.

Going to the refining side. I mean in the strategic plan, we had a central case for this year, 2025, 2027, $6 however, is the budget we have this year and an acid case, $4.5 per barrel. Let me say that we are comfortable today with the central case because, I mentioned before, demand is growing. We see 1 million barrels a day of new capacity for this year. Closures announced for this year at more or less, roughly speaking, around 1 million barrels a day. And we are comfortable with that.

But again, even in the case of the asset case that we are not there today, $45 a barrel. Let me stress, Lydia that the range of our cash flow from operation is not going to suffer because we will be, in that case, in the low part, EUR6 billion of cash flow from operations. And even under this $4.5 a barrel scenario, we will be committed to this EUR700 million of share buybacks for the year I mentioned before. Thank you.

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

Sasikanth Chilukuru, Morgan Stanley.

Sasikanth Chilukuru - *Morgan Stanley & Co. International Plc - Equity Analyst*

Hi, thanks for taking my questions. I had three actually. The first one on the second one is kind of leaning on to the previous question as well. The first one, I wanted to understand the current dynamics in the refining market. The refining margins have improved, have picked up, I suppose to $7 per barrel if I'm not wrong, from for you. Just I was interested to hear what you thought were the key reasons behind the current increase in these margins.

Are you in any way seeing any effects of the proposed US tariffs for Canada and Mexico that they've been delayed to third March, perhaps if this has already led to any change in the logical setup or gasoline or metal slate flows. Also interested in your view of if the higher TTF gas prices have had any effect on the premium, which you also see at $2 per barrel for the full year.

The second one was related to the cash flow guidance. I was wondering if you could help increase the cash flow from the EUR6.3 billion CFFO generated in 2024 to the average EUR6.25 billion guided for 2025, because compared to 2024, production is guided to be down by around 30,000 barrels per day at the midpoint of the guidance.

And to your reference conditions, I suppose Brent prices and refining margins are down. You're also prebooked the tax credits at a quarter early in 4Q instead of 1Q next year? I recognize any price is higher year-on-year and the moment for tax. I was wondering what else was improving as well.

The final one is related to the dividends to minorities particularly to EIG related to the upstream business. As you very limited to no dividend payments in the second half of 2024. I was wondering if this was because there's limited free cash flow generated in the upstream business or whether this has been, the dividend payments have been delayed to 2025.

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

Thank you, Sasi. I mean, if we want to your first question about the refining margin improvement, let me say that the main driver is the strong demand of gasoline and diesel, that is the main driver we are seeing. And there are some factors that are related to that, that is the gas price.

I mean high gas prices. And as I mentioned before answering to a question, I can't remember, I think it was Alejandro, a high gas prices means that people is shifting from gas to fuel from gas to gas oil in many heating applications all around the world.

So that is helping to improve refining margins and demand is also growing in structural terms in the world. I want to stress the fact that the international energy agency that is not, let me say, the most oil agency in the world in their expectations.

They announced some weeks ago that the oil demand is going to grow in 1 million barrels a day in 2025. So main rational demand is growing. And when demand is growing, you have new capacities plus shooting down or closures of plants.

And today, the best consensus taking into consideration the delay in a Mexican refinery, and so on could be at around 1 million barrels of new capacity by 2025. And when we take the either executed announced closures, I'm talking about the US, Huston, Europe, including Grangemouth and some other announcements plus some refineries in China also announced the closures in 2025 could be at around 1 million barrels a day.

So that is the rationale behind that. So gas prices are not necessarily bad are bad for some of our businesses, like chemicals as I mentioned before, but in the case of refining, I mean they are increasing the demand of liquids in the world. What could happen in terms of, I mean, tariffs, Canada, Mexico, I mean, I don't know because I don't know what is going to happen in coming weeks.

But let me say, Sasi, any difficulty to use the Canadian or Mexican heavy oil in the North American or US market means more products in the market, higher discounts and opportunities for the Repsol refining business.

So I mean, probably nothing is going to happen, but in case of seeing something like that is not bad for our refining business at all. When we go to the, I mean, this comparison between 2024, 2025, why are we seen, let me say, a similar cash flow from operations in 2025, and what has happened in this bridge. You mentioned and you are right, we have a lower Brent.

So pushing the cash flow down. We have apparently higher Henry Hub pushing a bit up the cash flow, a lower refining margin that we had in 2024, so cash flow down. We have also lower production, I mean, 20,000, 22,000 barrels a day I mentioned before.

So that is reducing in some way also the cash flow we are going to have slightly, as I mentioned before, higher EBITDA in the customer business and in the low-carbon business. In tax terms, I mean probably we are going to have less temporary effects this year, but that is not going to be dramatic.

And in any case, this factor in this cash flow from operation, and I have also to include this efficiency and margin improvements program we have in our hands and that could push this cash flow from operation to the high part of the range we announced today. But again, the cash flow is going to be similar because these positive effects and these negative effects I mentioned before.

And let me say that in terms of this deferred payment, the next payment is going to come soon. And I mean, the partner and the JV, we are fully focused on this liquidity event I mentioned before. And all the minority payments in the upstream, I mean, today are in the framework of the contract and using the temporary flexibility we had, we established and we settled in the contract with our partners, things are happening in the normal way. Thank you.

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

Matt Lofting, JPMorgan.

Matthew Lofting - *JP Morgan - Analyst*

Hi James, thanks for letting me rejoin the call. Just two quick follow-ups, if I could. First, Josu Jon, you listed sort of many of the moving parts on CFFO a minute ago. I just wondered if you could zoom in specifically on chemicals and the refining margin premium over the benchmark and share or help us understand how much improvement year-on-year in the financial targets you're assuming specifically from those two components?

And then secondly, I just wanted to ask your confidence in the growth projects across the business for the next 12 months and specifically coming back to the earlier comments on Pikka. I think some understood that the operators base case was more sort of mid-2026, with weather-dependent upside sooner than that. So wonder if you could help us just cross out the sort of any disconnect there. Thank you.

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

Thank you, Matt. I mean, I have to check, but in chemicals, we are slightly improving the cash flow from operation in 2025. But again, I'm going to give you the figure in some seconds, I'm checking. Now the figure in my notes. I

think that we are going more or less to improve the EBITDA in a figure close to EUR100 million this year, comparing with 2024 because, the main effect is this reduction of, we have to take into account that we produce more or less in polyolefins terms, a figure close to 2.5 million tons a year.

So if we are improving in EUR30, EUR35, EUR40 a tonne, the breakeven that means that we are improving the EBITDA in EUR80 million or EUR100 million. So that is going to come from the cost side. And we are not factoring any significant amount because a better environment or improvement on the business environment. In the case of the refining margin premium there are, what we are taking this year in 2025 is $2 a barrel in 2024, it was $1.2 a barrel. And the main improvement is going to come.

First, the energy efficiency programs, we are emitting roughly speaking, 150,000, 170,000 tons a year of last year or two, that means less energy consumption. So that is improving the margin. Secondly, the turnaround program is a bit less intensive the year than last year.

And third, a better, slightly better expectation of the HVO and SAF for this year. And here, we have, let me say, two effects. One of them is purely operational. We start operating C43 in March. We have decommissioning process in April and so on.

But I mean you have to optimize the plant, this year, we are operating in a normal way. That is important. On top of that, I mean, we are factoring a $800 a ton more or less as average the HVO minus UCO margin that is slightly above the figure we had in 2024. So that is mainly behind.

Going to the Alaska, it's true that when we announced, I think that in summer 2022, the FID, we announced mid-'26. but the operator agreeing with Repsol, they have changed their plans and they change, let me say, the development of the project anticipating in the program, some parts of the wells that are going to be producing and anticipating the first oil.

For that reason, as I mentioned before, we are going to start producing, I think, that a figure close to 30,000 barrels a day gross in 2026, and we are going to see a ramp-up over the one-and-a-half-year more or less achieving at the end of the 60,000, sorry, 80,000 barrels a day, that is the gross figure at the end of the period.

So we have a ramp-up. In this ramp-up, probably if we take, let me say, the earlier of the integration of the production figures could be, all in all, similar that we are anticipating production at the end of 2025, and that is the reason of this comment you did, Matt. Thank you.

Matthew Lofting - *JP Morgan - Analyst*

Super. Thank you.

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

Matt Smith, Bank of America.

Matt Smith - *Bank of America - Analyst*

Hi there, thank you very much. Just one left from me, hopefully, not too details orientated, but just reflecting on the strategy update that you get gave previously over the years that you presented, I think the sort of financing costs which includes your interest, your leases, minority dividend payment, et cetera, was running around EUR1 billion per annum if I remember correctly.

And just look at your net debt evolution table that you present today. I mean, the interest other movements line is closer to EUR1.5 billion. So I guess I just wanted to reflect on some of the drivers for that this year. It looks as though your, you've been adding quite a few new leases throughout the year.

And then, of course, the question is really whether you expect that to normalize closer to the outlook run rate that you gave earlier in the year. Thank you.

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

So thank you, Matt. I mean, it's true that we had EUR1 billion of leases this year. But let me say that is not the new normal. I mean there are sometimes some strategic exception of steps in that case. It was because the fleet we need for the increase in the LNG business of the company, we were mentioning before that we are going to start a new operation from the Gulf are coming from ventures and so on from (inaudible) and that is a step increase in the activity of our fleet, and that is behind, but that is not going to be replicated, let me say, a year after year. Thank you.

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

Anish Kapadia, Palissy Advisors.

Anish Kapadia - *Palissy Advisors Limited - Analyst*

Yeah, good afternoon. Just a first question on the cash flow. I was just wondering if there's any significant working capital impacts you're expecting in the first quarter or through the year in 2025.

And then the second one with relation to the 25% that EIG they bought in the Upstream business. Can you just update if there's any further payments still due from EIG. And then kind of going forward in a scenario where they retain that, there isn't an IPO. How do you see cash flow flowing out of the upstream business to EIG? Is there any kind of set dividends or kind of policy around that, that you can talk about. Thank you.

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

So thank you, Anish. And first of all, I mean you know the working capital depends on price evolution and so on. So I don't want to be, let me say, too close about this answer. But let me say that at stable prices, we don't see any significant working capital movement over the whole year. I mean, if things are going in the right direction in Venezuela, we could see, let me say, $150 million, $200 million of increase because of the increase of activity there.

But, I mean, I don't see any increase over the whole year. We could see, let me say, perhaps at these prices in January because the refining margins are growing. So that means that products prices are growing. We will see a bit increase, but that is going to reflect, let me say, the EBITDA increase because prices. But I mean, in a flat curve of prices over the whole year the working capital has to be flat.

I mean, going to our partner in the Upstream business. I mean there is no any delay. We are, in the payments, we are under the contract, and the contract has some temporary flexibilities through some interest rate around, sorry, 8% in the framework of a time period. And we are in the contractual terms in terms of flexibility. So there is no any kind of non-fulfilment of the contract we are in this framework. Thank you.

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

That was our last question. With this, we will be our fourth quarter conference call to an end. Thank you very much for your attendance today. Thank you. Cheers. Bye-bye.
