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REP.MC - Q4 2025 Repsol SA Earnings Call

EVENT DATE/TIME: FEBRUARY 19, 2026 / 11:00AM GMT

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PRESENTATION

Operator

Hello, and welcome to the Repsol's Fourth Quarter and Full Year 2025 Results Conference Call. Today's conference will be conducted by Mr. Josu Jon Imaz, CEO; and a brief introduction will be given by Mr. Pablo Bannatyne, Head of Investor Relations.

I would now like to hand the call over to Mr. Pablo Bannatyne. Sir, you may begin.

Pablo Bannatyne - Repsol SA - Head - Investor Relations

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

Before we begin, let me remind you that 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 our disclaimer.

With that, I will hand the conference call over to Josu Jon.

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

Thank you, Pablo. Good morning, and welcome to everyone. 2025 was a year of strong execution for Repsol, underscored by solid strategic delivery and progress on our path of disciplined growth. In a complex geopolitical and macroeconomic backdrop, we continue to advance our strategic priorities, enhancing the returns to our shareholders, strengthening the portfolio and maintaining a consistent approach to capital allocation.

Operating in a lower and volatile oil price scenario, performance remained robust across all 4 divisions. In the Upstream, we continue to improve the business by bringing new growth projects on stream and optimizing the portfolio. In the Industrial division, we continue advancing on the transformation of our sites, developing a scalable low carbon platform within our Iberian Peninsula. A positive refining momentum, especially in the second half, helped us to overcome the disruptions generated by the Spanish blackouts in the first part of the year.

In Customer, we leverage our brand, scale and integration to develop an ambitious multienergy offer, grow electricity retail and reinforce profitability. And in Low Carbon Generation, we continue to execute our business model for renewables, rotating assets to crystallize value and limit our exposure.

All of this, combined with the achievement of our key decarbonization target for 2025, as set in 2021, delivering a 15% reduction, the carbon intensity indicator. Other targets such as methane emission intensity and routine flaring reduction were met as well. Our capital allocation framework continues to prioritize shareholder remuneration underpinned by a strong balance sheet and the delivery of disciplined and transformational CapEx.

Last year, we increased the dividend by 8.3% to EUR0.975 per share. Total shareholder distributions were EUR1.8 billion, comprising EUR1.1 billion in cash dividends and EUR700 million in share buybacks to reduce capital, placing us at the higher end of our strategic cash flow from operations distribution range. As we look ahead to our Capital Markets Day next month, the same key strategic principles will guide our updated road map to 2028.

Ensuring applicable and growing dividend complemented with buybacks will remain fundamental to the strategy. Let me underline this point. For 2026, under our planning scenario, distributions will continue improving with the cash dividend growing around 8% to EUR1.051 per share and buybacks in line to 2025.

Moving on to results. As detailed in the documents you have in your hands released this morning. Repsol has implemented a new group reporting model by business segment. I know that, that is complex. But let me say that the aim is to be fully transparent and adapting this reported model to a new perimeter where we have a minority shareholders in some of our businesses. And that is pushing us to change, to give you in a transparent way, a more simplified information we can.

The revised framework aligns our reporting with how the company currently manage and evaluate business performance, reflecting both the incorporation of strategic minority shareholders in two of our divisions and the increased relevance of joint ventures within our business model.

In addition, the company seeks to align all its financial information with the financial statements prepared under IFRS, which are not impacted. The reporting segments remain unchanged. However, under the new model, the contribution of joint ventures previously integrated by proportionate consolidation is now recognized using the equity method.

Upstream production and reserves will continue to be reported based on Repsol's effective interest in its joint ventures. The main measure of segment performance is the adjusted net income, presented net of the income attributable to minority interest and excluding special items.

For 2025, adjusted net income was EUR2.6 billion, a 15% decrease over the comparable figure in 2024. Cash flow from operations was EUR5.4 billion, 8% higher year-over-year. Net CapEx stood at EUR2.7 billion, which compares to up EUR5.1 billion net investment in 2024, including the rotation of Outpost announced in December and cash in this month in February, net CapEx was EUR2.5 billion.

Net debt closed at EUR4.5 billion, a 0.5 increase over 2024, and a EUR1.2 billion reduction over the third quarter of 2025. Excluding leases, net debt closed at EUR1.6 billion, so roughly 5% of the capital employed of the company. Gearing ratio stood at 14% by year-end, as I mentioned now, 5.5%, excluding leases.

Under the previous reported model full year cash flow from operations reached EUR6.1 billion, slightly ahead of guidance announced in last time in October, and 13% higher over 2024. Net CapEx was EUR3.5 billion under the previous reported model, so the former one, in line with guidance at EUR3.3 billion when we are including the Outpost rotation that, as I mentioned, was cashed in this month in February.

Looking briefly at the evolution of the main macroeconomic indicators in 2025. Brent price averaged \$69 per barrel, 15% lower year-on-year, driven by OPEC production increases, geopolitical uncertainty and commercial tensions. The Henry Hub averaged \$3.4 per million BTU, 48% above 2024 figures, driven mainly by the continued ramp-up of our North American LNG exports. And in Europe, the TTF reference was 12% higher, mostly due to better demand and tighter inventory levels.

Repsol's refining margin indicator increased 20% year-on-year, mainly due to stronger middle distillate differentials. On the exchange rate, the dollar weakened against most major currencies, including Europe, averaging \$1.13 per euro, a 5% depreciation versus 2024.

Continuing with Upstream performance. 2025 show a strong delivery across the business as we continue to high grade the portfolio with new projects and optimizing our legacy assets. Full year adjusted net income was EUR957 million, 7% lower year-over-year, reflecting lower oil realizations, a weaker dollar, divestments and a lower contribution from equity affiliates, partially offset by higher gas prices.

Production averaged 548,000 barrels equivalent per day at the higher end of guidance and 4% lower than in 2024. The higher volumes in Libya and the UK were more than offset by divestments and natural decline. Excluding disposals, 2025 production was 2% higher year-on-year.

In Libya, the stabilization of the country allows us to reach our highest production level since 2012, exceeding 300,000 barrels per day in gross terms. In unconventional representing around 30% of our volumes, we continue to accelerate activity in Marcellus and Eagle Ford as the markets evolve into a more bullish outlook for US gas. Development activity across the portfolio focus on the efficient delivery of projects for which we took FID in recent years.

In Trinidad and Tobago, the Cypre and Mento projects reached first gas in April and May, respectively. In the Gulf of America, Leon-Castile delivered first oil in September. In Brazil, Lapa Southwest is nearing completion and is expected to start up before the end of this quarter. And in Alaska, development of the first phase of Pikka is close to full completion and expected to begin production in March.

This flagship project with meaningful growth potential will contribute to reverse the great state of Alaska's production decline. Together, these key five projects are expected to contribute 80,000 barrels of low breakeven, low CO2 intensity barrels in 2027. With respect to portfolio management, we continue to strengthen our fundamentals through active management of our assets, making the business more resilient, transparent and profitable. Last year, we completed our exit from Indonesia and Colombia, consistent with our strategy to concentrate operations in more material and better margin geographies.

In the UK, we completed a strategic agreement with NEO Energy to combine our assets in the North Sea. And in December, the partners agreed to incorporate TotalEnergies UK to the venture. Repsol will own a 24% stake of the result in entity to be called NEO NEXT+, and the new company is projected to produce around 250,000 barrels a day in 2026. This alliance will allow us to unlock value by combining operational synergies with disciplined financial execution. Completion of the deal is expected in the first half of this year, 2026. In our upcoming CMD, we will have the opportunity to discuss in detail our next steps in this division.

For 2026, our focus will be Alaska's ramp up to ensure we reach 80,000 barrels of gross production by the third quarter, the preparation for the liquidity event and the resumption of operations in Venezuela. In this regard, last week, the US administration issued licenses that provide the legal framework we need to resume our oil and gas operations in the country.

Continuing now with Industrial. Full year adjusted net income was EUR963 million, EUR484 million below 2024, mainly due to a lower contribution from refining, chemicals and the trading business. The blackouts that impacted the Iberian Peninsula in April had a material impact on results. In the refining business, uncertainties around tariffs deteriorated the margin environment in the first part of the year. A stronger diesel, gasoline and naphtha spreads supported the gradual recovery of margins towards year-end with indicator reaching in November its highest level in more than two years.

Repsol's margin indicator averaged \$7.9 per barrel, \$1.3 higher than in 2024. The premium of our indicator was \$0.7 per barrel. The utilization of distillation capacity average 83%, which compares to an 88% rate in 2024, negatively, as I mentioned before, impacted by the consequences of the blackouts. And the conversion units operated at 95%, which compares to a 100% utilization rate in 2024.

In 2026, the indicator has averaged \$5.5 year-to-date. We expect margins to remain healthy, supported by improved economic activity, higher structural gasoline demand and low inventories. In chemicals, Repsol's margin indicator was 20% higher than in 2024, mainly driven by lower feedstock prices.

Even so, the business incurred a loss as market conditions remain challenging in Europe with a flat demand, higher relative cost comparing with some other regions in the world and large product imports. On this environment, we remain committed to our strategy of reducing breakevens and expanding margins through differentiation. In this direction, the expansion of Sines in Portugal is expected to start operations in the second half of 2026.

With regard to the transformation of our facilities, we continue to drive key initiatives in renewable fields. Starting with Puertollano, the retrofitting of our former gasoilunits to produce HVO is expected to commence operations next quarter. This facility will join our advanced biofuels plant in Cartagena to reach 0.5 million tons of production capacity per year between both plants and a total of 1.5 million tons biofuel capacity at group level. A potential new retrofitting project is currently under evaluation.

In Tarragona, construction of the Ecoplanta received approval at the beginning of last year, 2025, and the project moves ahead towards starting production in 2029. Repsol has already secured its first offtake contract for the renewable methanol to be produced in this facility. Finally, in renewable hydrogen, we took the final investment decision for our first two large scale electrolyzers we constructed in Cartagena and Bilbao, with a capacity of 100-megawatt each and construction of our third large-scale electrolyzer in Tarragona, progresses towards FID approval in coming months.

Moving now to Customer. Full year adjusted net income was EUR754 million, 17% over 2024, thanks to a higher contribution in all business segments. EBITDA reached EUR1.4 billion, a 20% improvement year-on-year. This implies achieving our 2027 strategic target 3 years in advance, reflecting the resiliency of our core legacy business. And also let me underline the increasing contribution from power and gas retail, our multi-energy offer to our customers.

In mobility sales of road transportation fuels were 11% higher than in 2024, being now at the level of the prepandemic sales. The non-oil business delivered a robust contribution margin growth in Spain, up 12% year-on-year, and in aviation, results benefit from sustained demand growth.

Let me add that approximately 60% of our Spanish network already provides multi-energy solutions with more than 1,500 service stations offering fuel that is 100% renewable. The number of digital clients reached 10.8 million by year-end, I mean, by -- in December, a 16% increase over 2024, contributing to an increase of business to customer sales in service stations. Waylet app, that is our app leading the Spanish retail businesses, keeps on growing in users and in transactions, reaching 89 million transactions in 2025, 10% above 2024.

Finally, in power and gas retail, we had more than 0.5 million customers, reaching a record figure of 3 million clients by December. Repsol has maintained a steady growth trend since we enter in this business in 2018, almost multiplying by four our customer base since the acquisition that year of Viesgo.

Turning to Low Carbon Generation, we continue to execute our renewable strategy, bringing new projects into operation while rotating assets to crystallize value, maximizing returns and limiting our financial exposure. The adjusted net income reached EUR53 million, EUR77 million higher compared to 2024, supported by higher low carbon production. The average pool price in Spain was EUR66 per megawatt hour, 4% higher than in 2024.

The power generated by Repsol reached 11.6 terawatts hour, 49% higher year-over-year. Renewable generation was 7.7 terawatts hour, 34% higher year-on-year. We had 2.2 gigawatts of new capacity under operation this year, 2025, achieving our year objective for 2025 and bringing total capacity to 5.9 gigawatts by year-end. As of today, installed capacity has reached 6 gigawatts of renewable power.

We were able to rotate 1.8 gigawatts through three different transactions in the US and Spain. In the US, we divested a stake in our solar portfolio that includes Frye and Jicarilla and reached an agreement to divest a stake in Outpost solar farm, including around EUR200 million tax equity.

In Spain, we divest a participation in a 400-megawatt renewable portfolio in the first part of 2025. And let me say that since 2018, Repsol has developed and brought 5.1 gigawatts of wind and solar capacity in operation, 100% of more than 3 gigawatts fully commissioned have already been successfully rotated with an average equity IRR above 10%. To date, EUR2.7 billion of capital has been captured through a combination of asset-level debt, tax equity investment and value-accretive asset rotation strategies.

On the remaining capacity, 1.4 gigawatts are close to commercial operation date. Around 79% is currently at an advanced stage of negotiation. And to finalize, let me highlight that last year, we had a new 805-megawatt wind pipeline to our Spanish portfolio with the aim of hybridizing production at our combined cycle in Escatron, in Aragon, securing the power supply for the future data center to be built in this area by a third party.

Regarding our outlook in our Capital Markets Day, we will provide the regular guidance for the period together with projection to 2028. For 2026, our planning assumptions are based on a Brent price of \$60 to \$65, a Henry Hub of \$3.5 to \$4, and a refining margin indicator between \$6.50 and \$7.50 per barrel.

In the Upstream, we are expecting a higher production in a range from 560,000 to 570,000 barrels per day. Under this scenario, shareholders' distributions will continue improving, including cash dividends and share buybacks. The first buyback program was approved by the Board yesterday for up to EUR350 million and will start in coming days.

Regarding our decarbonization pathway, having delivered on the short-term commitments set for 2025, we will modulate medium-term goals while keeping long-term objectives according to the current regulatory and business framework. To summarize, 2025 proved to be another year of solid delivery for Repsol with strong progress across the priorities defined in our previous strategic update two years ago, and let me enumerate some of these progresses.

First, between 2024 and 2025, we have allocated a total of EUR3.8 billion to remunerate our shareholders at the higher end of our cash flow from operations distribution range. We have increased the dividend per share by 39%, and we have reduced our capital by 9%, cancelling 112 million shares. We have evolved our E&P portfolio into a more profitable business, which is now more resilient and predictable, and we have transitioned to more normalized CapEx levels.

In Industrial, we are accelerating efficiency and competitiveness, reinforcing the role of free cash flow, generating trading business and building an advantaged low carbon platform to reinforce our leading position in Iberia. In the commercial side, we are developing an ambitious multienergy proposal that will strengthen Repsol's competitive position in our core markets. And in renewables, we continue developing our pipeline, rotating assets in early stage of production to deliver or require rates of returns under the principle of a limited capital exposure to this business.

Considering the significant progress towards our targets and in light of changes to the macroeconomic regulatory and geopolitical backdrop, next month in March, we will refresh our strategic framework. The core principles are growing and predictable remuneration, a strong balance sheet and disciplined growth will remain at the basis of our plan. We will share with you further details in less than three weeks. So see you then.

With this, I'll turn it over to Pablo as we move on to the Q&A today. Thank you very much.

QUESTIONS AND ANSWERS

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

Thank you, Josu Jon. Before opening the Q&A, I anticipate there is a lot of interest on the details of the Capital Markets Day to be unveiled in March. As you can imagine, at this point, we cannot share details. So please adjust your questions accordingly.

I would also kindly ask participants to limit yourselves to a maximum of two questions. If time permits, we will try to cover more in a second round.

To begin, I would like the operator to remind us of the process to ask a question. Please, operator, go ahead.

Operator

(Operator Instructions)

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

Michele Della Vigna, Goldman Sachs.

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

Looking forward to the Capital Markets Day. It looks like quite a few countries that have been difficult to operate in are offering better fiscal terms and opening up more to companies. You certainly had the example of Venezuela, of Libya. I was just wondering if you could lay out what do you think could be the opportunities there in Venezuela, to get paid for your normal activities, which I think would be around EUR250 million? But also, to potentially ramp up production and in Libya, if you're seeing an opportunity to grow production there?

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

Grazie mille Michele. I mean, let me say that Venezuela now is in a significantly better situation than Venezuela was two months ago. I think that a new window opportunity for a better future is opening in Venezuela. And it's also, I mean, let me say, a better situation for our sector in that country. And I think that it's now time to help consolidate this improvement, strengthening the social stability and economic development in the country.

You know, Michele, because we have talked about that for years that Repsol has consistently been a responsible operator in Venezuela. Our commitment to the country's future has been clear. And now we are fully dedicated to contributing to this brighter future. You know that we were supported by the licenses over the last days that are going to assist and allow Repsol to work in this framework. We appreciate the American support and the American approach to our role and our operations, and we are working also closely with Venezuelan authorities and our partners at PDVSA to move all that in a positive direction.

But let me say that our initial contribution, and we are -- of course, we have, let me say, and we received this open flat five days ago. So now we are preparing ever since to restart and to resume our operations in a direct way in the country. Our initial contribution will be to continue supplying gas to stabilize the country, providing the gas that the national power system needs.

We will resume a regular dynamic in gas supply and the process of lifting contractual condensates and oil cargoes will restart to pay for the gas supply. So we are preparing everything to start lifting these contractual cargoes. At the same time, we are also preparing the bottlenecking

project to increase gas production in Venezuela to a plateau of 640 million cubic feet per day from the current 580 million, so an increase of 10%, value speaking.

Regarding the oil production, we will also restore normal operations that includes -- and we are starting to engage our team in the operations, investing in production facility renewal such as pumps and some other facilities, considering the introduction of a rig in the area and working to reverse the decline in oil production.

And simultaneously, of course, we will restart the commercial lifting of oil cargoes within the framework of our contracts in Petroquiquire exporting all from Venezuela to Spain, the US or any other suitable destination that is allowed by the license framework. Additionally, we are also preparing a plan for the Petrocarabobo oilfield where also we see potential to increase this quick initial production leverage in the existing infrastructure.

So it's early perhaps, Michele, to provide specific figures because as I mentioned, we are in the first days of this new dynamic. But let me say that my view is optimistic about Venezuela, about the country, about the evolution of the political, social and economic environment in the country and optimistic about the hydrocarbon sector that has to play a significant role in this stabilization and growth of Venezuelan society and Venezuelan country.

We see now that we could be able to increase oil gross production in Venezuela by more than 50% over the next 12 months. We have the ambition, and we see plenty of room to get this target of multiply -- multiplying by 3 the production within three years, but I think that what is important is to put the focus in the short term. So 50% of oil increase, oil production increase in coming 12 months. And we are confident that the cash flow from normalized commercial activities that is going to be resumed in the short term under the 16 contractual framework is going to finance this effort.

So we are confident that a normal commercial relationship will be able to finance this win-win approach because, I mean, the country is going to get more production, more revenues coming from royalties and from taxes. We are going to have more cargo, more cargoes to pay for this operation. And of course, we remain open to exploring other opportunities for the future.

And I mean, as Pablo said, I understand that you want to have all the figures about that, but as I said, step by step, it's probably too early. And further details will be provided in three weeks in the Capital Market Day event. But again, let me say that I remain optimistic, that I see that a new opportunity is open in Venezuela, and we see room to start a normalized operation and commercial activity pushing in the direction of increasing the oil production in the country. And Repsol is fully committed to this pathway that was opened five, six weeks ago.

Going to Libya, I mean, I also have a positive view. I mean, we rely in Libya. We see it stable. We see more security on the ground. As I mentioned in our last call, I think that -- I mean, we underline the important contribution of Marshal Haftar and the Libyan army in this positive evolution of the country, thanks to the effort deployed over the last years to combat terrorism. That is important, of course, for Libya, but let me say, that is also an important contribution of the Libyan army to the European security, that has to be recognized.

And I mean, over last year, 2025, we have a production that -- I mean, in the quarter, average a figure above 300,000 barrels a day gross, that would be 39,000 barrels net Repsol. But the production, thanks to new wells that were re-spud in 2025, 27 wells achieved a maximum peak of 326,000 barrels at the end of the year. We are continuing with this infill drilling campaign, and we expect to have a production at the end of the year 2026 close to 350,000 barrels a day that, roughly speaking, will be a figure close to 40,000 to 43,000 barrels a day net Repsol.

But I mean, we are also relying on the future of the country. We go on in the exploration campaign. We are exploring the two areas, the NC115 and the NC186 areas. On top of that, you know that in February, we were awarded with two new exploration blocks. One of them is onshore in the Sirte area, and the other one is offshore in the north part of -- I mean, in the northern part of Benghazi. So a positive evolution in social and economic terms in the country and in security terms, a production growth and the full commitment of Repsol with the country. Thank you, Michele.

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

Alessandro Pozzi, Mediobanca.

Alessandro Pozzi - *Mediobanca Group - Analyst*

Hi, there. Thank you for taking my questions. I have two. The first one on cash flow guidance for 2026. I'm not sure if you want to give some guidance for the -- at the Capital Markets Day. But I was wondering if you can perhaps give us some color on the moving parts under the new reporting model for cash flow from operations and CapEx.

The second question also always on cash flow is on asset rotation. I was wondering if you can maybe share us your thoughts in terms of asset rotations for 2026 and maybe a potential preparation for the liquidity event for your US assets. We've heard about the potential combination with another American players. But I was wondering if you can give us your thoughts on the progress there?

And maybe a final question, if I can squeeze in a last one. Customer has grown a lot. The gap between Customer and Industrial or Upstream are not as much, not as big as in the past. Can you give us your thoughts about the growth potential for Customers?

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

Grazie, Alessandro. I mean believe me that Pablo is looking at me and saying, don't enter in the cash flow guidance for 2026, but I mean, I'm going to break a bit my deal with Pablo. So I'm not going to talk about the '27, '28. But I think that it's fair to talk about the guidance for 2026.

So under the assumptions I mentioned before, Alessandro, in the speech, that means our Brent price, something between \$60- \$65 a barrel, our Henry Hub, \$3.5 - \$4.0 per million Btu, and our refining margin something between \$6.5- \$7.5 a barrel. The cash flow under the new metrics of the new reporting model expected as guidance for this year, 2026 will be in the range EUR5.5 billion and EUR6 billion. Let me say that this figure compares with under the same reporting model metrics with 5.4 in 2025.

And let me also remind you that in 2025, the metrics in terms of commodity prices and environment were higher. So higher Brent price and higher refinery margin. That means that in an environment that is not going to be so good as it was in 2025, we see that the cash flow from operation is going to be significantly higher this year in 2026.

Why is that? Because, I mean, it's not something magical. It's because first, in the E&P, we have new production, more production and more projects, I mean Leon-Castile, Alaska and so on. In the Industrial side, we have the chemical business improvement with Sines, with high molecular weight polyethylene plant of Puertollano that is going to start operations in the second quarter of 2026. We have significantly better margins for biofuels, and we have a higher production of HVO comparing with 2025.

On top of that, as you mentioned in your last question, Alessandro, the customer business is improving its position comparing with 2025. And I mean all that is behind this cash flow production. On top of that, the renewable power production is also contributing to this cash flow growth and that growth is behind.

Going to the CapEx, and again, sorry for -- I mean, comparing both reporting models and so on, but I will try to be clear, simplifying things. If we consider and we take the net CapEx figure in 2025 under the new IFRS model, EUR2.7 billion, what we expect in CapEx terms this year, net CapEx terms in 2026 is the same figure, EUR2.7 billion.

Let me say that I think that last year, the gross CapEx under these figures was EUR4.1 billion in 2025. And this year, the gross CapEx is going to be lower. That means that this year, we rely a bit less on disposals. I mean clearly speaking, there are not any significant disposal in our

budget this year. And what we have is a normal dynamic in terms of rotation of our renewable assets under this principle of contained financial exposure to this business. I mean growing in some way being self-financed by the dynamic of the business.

In this sense, let me underline that we already had a cash-in of EUR230 million in February coming from Outpost. And now we are in the last part, in the advanced last part of the process to dispose, overtake better said, 700 megawatts in Spain. So we are comfortable with a figure of EUR2.7 billion as net CapEx figure under the new reporting model for 2026.

Going to the liquidity event. I know, Alessandro, that probably I'm going to be boring, repeating the same message I launched in the last call. But now it's even clear than before. I mean, our Upstream today is better than the Upstream we had three months ago. And three months ago, the Upstream was better than the Upstream we had six months ago. So why, I mean Venezuela is crystal clear. We could understand that, that is a clear upside to the figures I mentioned before because let me say that we are not including Venezuela in the cash flow from operations I mentioned before.

I mean, we are not -- that probably we could, I mean, check some figures before the Capital Market Day, but Venezuela will be an upside for the figures I mentioned before. And let me say in this sense that, I mean, we are not in a hurry to prepare or to jump, better said, into this liquidity event. We are preparing the company. We are going to have in coming weeks, next month, Alaska in operation, Leon-Castile, the production is growing before the end of this quarter, we are going to achieve 20,000 barrels a day net production in the Leon-Castile project. We are going to work hard to have the ramp-up of Alaska, producing 80,000 barrels a day gross by the third quarter.

So we are, in some way, improving our portfolio, improving our Upstream. And let me say, the later, the better in some way. So open, of course, to this improvement of our Upstream. These potential opportunities we could have in the -- for the liquidity event. But again, as I mentioned, improving this business. And I think that the customer growth potential for this year, I already answered your question, Alessandro. Perhaps for coming three years, we will talk about that in the Capital Market Day.

Pablo Bannatyne - Repsol SA - Head - Investor Relations

Alejandro Vigil, Santander.

Alejandro Vigil - Santander - Analyst

Hello. Thank you for taking my questions. In line with the previous comments, and also very interesting to understand the net debt position of the company because looking at '25 versus '26, which could be the moving part. And also to understand that in the reporting, we have some data about the net debt level in the subsidiaries, 6 billion in the Upstream and 3.2 billion in the low carbon business.

If you can elaborate in the whole picture of the company in terms of net debt? And the second question is about refining. I see you relatively, or I would say, constructive about running margins, looking at the scenario you are discussing this morning. If you can elaborate in the moving parts as well in this view.

Thank you.

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

Alejandro, thank you. I mean going to the net debt position. I mean, again, to comparing figures at the beginning, better said, at the end of 2024, the net debt of the company was EUR4 billion under -- including leases, of course, under the new reported model. At the end of 2025, it's EUR4.5 billion. So vertically an increase of EUR0.5 billion. Let me elaborate to say that this net debt has been flat over the year. I'll try to explain that because we have two financial effects that are not really associated to a net debt change over the year.

First, remember that after the closing of NEO NEXT, we have an increase of the financial debt in EUR1.1 billion. I mean, because that goes formerly in the decommissioning commitments of the company in our balance sheet, but due to the new structure, passed to be part of the financial debt. So an increase of EUR1.1 billion. And because the combined effect of hybrids remember that we issued a hybrid in the last quarter, EUR700 million, EUR725 million I had in mind, minus the purchasing part of 100 of a former hybrid.

So all in all, we improved the net debt in EUR600 billion because this financial hybrid effect. I mean these two effects, they had an increase of net debt of EUR500 million. That is exactly the figure of the increase of net debt over the whole year. So for that reason, I elaborate in some way that we are going to -- we have a flat debt over the year. Saying that, we also expect -- I mean, under the assumptions I explained before that at the end of the year, we are going to have, roughly speaking, a debt that is going to be probably flat comparing with the debt we have at the beginning of '25.

Going to the subsidiaries. I mean let me stress the fact, Alejandro, that the debt of the company is the debt I mentioned now. What we try to do, of course, is to try to optimize in financial terms, the debt that every company subsidiary in the group could have as a debt in its structure. But all these combined debt is included in the total debt of the group, in the total debt of the company. So the figures are the figures I mentioned before.

Of course, we try agreeing with our partners in every business to optimize the debt of these subsidiaries we have, in some cases, in the Upstream to ensure the investment grade of the vehicle as we demonstrated in the emission of bonds in summer and so on. And in the E&P business, we are also preparing the business for the liquidity event, and that is quite logical, taking into account the target I mentioned before.

Going to the refining margins. So crystal clear about what is happening today. As of today, the indicator has been \$5.5 this year, 2026. Comparing with last year, 2024, that in this period was \$5.4 a barrel, the indicator. These days, the margin is at \$6.5 a barrel. The premium over the -- you remember that we have in our budget, \$1.4 a barrel as a premium for the refining margin for the whole year. As of today, the premium is at around \$2.5 a barrel. That means that the margin capture as of today over this year 2026 is at \$8 a barrel in our refining margin.

Saying that, I mean, we have a probably positive view about refining margins for the year. Why? First, I mean, if we go to the fundamentals, what happened over last year, what has happened already over the last year. First, the shutting down of refineries in the whole world were at around 1.1 million barrels a day of capacity, mainly Europe, US, Japan and Australia and China. New capacity has been at around 1 million, 1.1 million barrels a day. The increase of demand worldwide is at around 850,000 barrels a day. So there is some kind of pressure coming from the demand on that capacity that is not growing.

If we go to the current capacity, I mean, my view is that Dangote in Nigeria is going to achieve in coming months a normal production. I mean fulfilling expectations they have. So this part, in some ways included in the increase. In Olmeca in Mexico, probably they are going to need more investment in infrastructures to be able to get the expected production. They forecast, if we go to the fundamentals, the demand and pressure on gasoline margins is very high in our markets in Europe. And going to the diesel, we see that because the shortage we have in Europe, this diesel is very dependent and has a strong upside depending on two factors.

The first, the sanctions enforced for products coming from Russia and refined in some other parts of the world entering in European market. So that's, in some way, putting a pressure on diesel margins. And because this, let me say, lack of strategic autonomy in Europe related to diesel, any geopolitical event has a direct impact on diesel margins in Europe. So I don't have to elaborate today the potential geopolitical risks we are seeing in the world. So for all that, I mean being prudent, we are quite comfortable with the refining margin indication. We are guiding, forecasting or elaborating.

Pablo Bannatyne - Repsol SA - Head - Investor Relations

Guilherme Levy, Morgan Stanley.

Guilherme Levy - *Morgan Stanley - Analyst*

Hi, hello. Thank you for taking my question. I have two, please. Firstly, if we could start with refining, could you comment on the fire that you had in the Cartagena refinery this year. How quickly do you expect the topping unit that is currently down to return? And what should we have in mind in terms of financial impact related to this incident? Apart from the lower utilization impact itself, is there any sort of CapEx that needs to be made for it to be active again?

And then secondly, a few in the downstream theme. In January, we had the announcement that two of your downstream competitors in Iberia are starting a potential merge of their refining and distribution operations. And I was keen to pick your brain on the potential impact that transaction could have to your marketing business in Portugal and Spain. And if it comes to a point in which they are requested to sell down some stations in Portugal, would you be interested to further increase your presence there? Thank you so much.

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

ObrigadoGuilherme. Going to the Cartagena as far, I mean, I don't know if everybody knows what happened. But we had on January 25, 2026, a leak in an atmospheric crude distillation unit in one of them, in Cartagena, that -- I mean, affecting the bottom parts of this distillation unit. We had a fire, and the fire was fully extinguished using internal resources and with no personnel injuries reported. I mean, let me say that the rest of the units of the refinery, except in this distillation unit, worked and are working in a normal way. So that means that the conversion units are fully operational in Cartagena.

We are going to have an effect in terms of the repairing of this distillation unit that is going to last at around eight months because we have a combined and integrated system, and you know that our distillation is not at the 100%, it's not usual. What we try is to cover and to fulfill the conversion units we are solving in logistic terms the normal operation of the conversion using the products from other refineries. That of -- so from the point of view of the market, from the point of view of conversion, from the point of view operation, the situation was fully normalized in the first days. And there is an economic impact, as mentioned, because of logistic costs and so on.

Roughly speaking, the cost is going to be at around EUR6 million, EUR8 million per month during 3 months because all the rest is covered by insurance company and so on and so. We could have something in between EUR18 million and EUR25 million all in all as an impact of this incident. That's roughly speaking, that is with a better -- sorry, with the best information we have today, the impact of that event we have on January 26.

On top of that, I mean, let me say that this merger first is indicating the attractiveness of the Spanish and Portuguese market for this business, and that is a positive. And let me say with my whole respect, both of them, they are good competitors and having a strong competitor and a good competitor in our market. I think that is good news for the market and it's good news for Repsol. We like competition. And let me say that probably, it's too early to talk about what could happen after the closing of this merging process and so on. But I think that is positive to see a dynamism in the service station market in Spain and Portugal that is in some way fruit of the positive momentum and experience we are seeing in our markets in commercial terms.

Thank you, Guilherme.

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

Irene Himona, Bernstein Societe General.

Irene Himona - *Societe Generale Bernstein & Co LLC - Equity Analyst*

Thank you very much. Congratulations on a successful year in terms of your asset rotation program. In the Upstream you exited, you sold assets in Indonesia and Colombia last year. You also reported a CO2 emissions reduction of nearly 300,000 tons. I wanted to ask if you can give us a sense roughly what proportion of that emissions reduction was organic, if you like, versus emissions sold, please?

And then my second question is on capital allocation priorities. And thank you for guiding on 2026 CFFO and net CapEx at your new scenario. And I don't know if you want to leave these for the CMD, but I wanted to ask about 2026 upside and downside to your base case given the near impossibility of getting the commodity rights. So the balance sheet is strong. In a higher \$70 Brent scenario and in a lower \$50, let's say, stress scenarios, should we assume that your key lever would be the share buyback? Or would you also look at change in gross capital expenditure?

Thank you.

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

Thank you, Irene. I mean, first, let me elaborate that because in the reporting of Scope 1 and 2 emissions, we only consider operating assets, the inorganic disposals in the Upstream, I mean, Indonesia and Colombia, they don't have any impact in this Scope 1 and Scope 2 emissions reported. So the improvement comes mainly from the continuous efficiency effort coming from the industrial area, refining and chemical, that in some way has been offset this year, partially by the increase of the activity of the CCGTs, the combined cycles in Spain.

You know that after the blackout of April 28, the Spanish power grid operator, Red Eléctrica dramatically changed the operation rules, opening or giving more role to the CCGTs to avoid frequency and tension volatility in the grid and for that reason, I mean, the operation level of our CCGTs since April has been higher than before. So the net is an improvement with a real improvement coming from more efficiency in our refineries and chemical plants and more emissions coming from the CCGTs because the activity for this operational move in the Spanish electric system has been higher.

So if we go to our capital allocation priorities, but first, let me say that when we talk about Brent, our central scenario goes from \$60 to \$65 a barrel. As of today, the Brent has been over this year at \$66 a barrel as average. And today, the price is around \$70, \$71 a barrel. So I see more room -- with the current information, of course, things could change as you perfectly know, Irene. But I see more room for upside than downside. As I mentioned before, we have upsides that are going to come for this Brent price probably.

Secondly, from Venezuela, as I mentioned before, I mean, the metrics of cash flow from operations in Venezuela are not -- this potential improvement is not included in the range. I mentioned before, we have to look at the impact that the extremely cold winter, January and part of February in North America is having on our gas business, gas downstream business in North America, plus the Henry Hub price because remember, the indication of price I gave before.

And in case of having, let me say, \$50 a barrel in the stress scenario that I mean, now is not the centralized, that, of course, could happen. I mean you know that we have the capacity in the oil side of unconventional to reduce a bit the CapEx. In the gas side, of course, is going to depend mainly from the Henry Hub. And let me say that our distribution guidance and our distribution priority is going to work under any scenario, positive or acid scenario.

Thank you, Irene.

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

Biraj Borkhataria, RBC.

Biraj Borkhataria - *RBC Capital Markets Inc - Analyst*

Hi. Thanks for taking my question. Looking forward to the CMD. Just two questions. The first one is on asset rotations. You mentioned the smaller gap between gross and net CapEx this year. Is that a function of your view on the market and when it's best to transact? Or is this a function of you having done a lot in the last couple of years and sort of the less assets going through the system?

And then the second question is on the customer segment marketing. That business has done exceptionally well over recent years. You've sold -- this is more for the CMD, but you've sold minority stakes in the Upstream and renewables in order to provide those sort of value markers. Would you consider doing something similar for that segment?

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

Thank you, Biraj. I mean, going to, as you said, the shorter gap between gross CapEx and net CapEx, the main reason is that in the E&P, I mean we are not forecasting or seeing disposals in our portfolio. I mean, that will happen. Of course, disposals or acquisitions, depending on the dynamic of the market. But remember that we have a clear target in the first years of this plan to reduce the countries where we were present in the E&P business. And now with 10, 11 countries, we are comfortable with. So we don't -- we are not factoring any disposal coming from the E&P business.

And if we go to the Low Carbon Renewable Generation business, I mean, our comfortability comes from two sides. First, because in Spain, as I mentioned before, we have, at the end of the road, a rotation of 700 megawatts that I mean, is in the final part of the process. So we are comfortable with. We already rotated in the US. Outpost and the cash in came -- the tax rates came just here, but the cash in coming from the partner came this month in February. And I mean, that is the main reason for having, let me say, a shorter gap.

First, the answer, we are not considering any minority divestment in this segment of marketing or customer centric business. I mean, we see that -- I mean, we are in the Iberian Peninsula with our industrial and customer businesses. They are, in some way, fully integrated. We have a common view about our leadership in the Iberian Peninsula in energy terms. And what we are seeing is that there is room for growth in these customer-centric business. So we'll talk about that in the Capital Market Day, but we anticipated two years, the growth forecast by 2027 in 2025, but we are going to go on in this growth road map.

Our mobility business including the non-oil part is growing and is going to go on in this sense, growing in results. Our retail power business is clearly growing in number of customers and in cash flow from operation. Our lubricants is also performing the right way and growing. The aviation segment is very positive. I mean let me say that, that is a quite interesting reference because, I mean, it's, of course, the work of our team and the good performance of our team and also taking advantage of a place where we are.

This year in 2025, we sold the 10% of the total SAF sold in Europe. And that is -- I mean, first, because we have a strong position in Iberia that because Iberia has a strong position in aviation terms in Europe and in the world. We received, last year, 100 million, more than 100 million visitors, tourists in Spain. I mean the second country in the number of visitors after France and the second one is revenues after the US. So I mean, all that is pushing our mobility businesses up and that is going to go on in coming years. So in this context, we prefer to go on in this advantage we have.

We are leading in terms of brand, in terms of digital support for these businesses with this multi-energy offer and we are going to go on growing. In this business, now let me say, that is quite hidden because we are always talking about E&P, refining and so on. And that is okay. But if you check the figures and the figure I have in mind, perhaps I'm wrong, but this business had a free cash flow of EUR1 billion in 2025. I mean that's -- and growing. So not -- we don't have any intention of consider any minority divestment in this segment.

Thank you, Biraj.

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

Ignacio Domenech, JB Capital.

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

Thank you for the presentation. Two questions for me. The first one is just wondering if you could provide an update on North America Upstream. What are the plans for 2026 in terms of adding rigs, okay, in North America?

And my second question is related with the blackout in Spain in 2025. I was wondering if the company's planning or what is the possibility that the company could receive a compensation from the economic loss of the blackout in the industrial operation?

Thank you.

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

Gracias. Ignacio, thank you. I mean Upstream North America, mainly three parts of the portfolio, in Alaska. Alaska is going to start first oil this quarter in March. And as I mentioned before, a ramp-up, achieving 80,000 barrels a day gross. You know that we retain a 49% of the stake in this project by the third quarter. So -- and on top of that, I mean, I'm not going to elaborate now. But remember that in Alaska, we have Pikka 2. We have Quokka, we have a clear possibility of growth in this state. And of course, we are working in the direction of the feed and so on about the analysis of a potential future FID for Pikka 2. But now fully focused on the production.

Second, the Gulf of America, there, we have the productions we already had before that are Baskin and Shenzi. And we put in operation the Leon-Castile project. I mean, perhaps I have a mistake, but today, we have three wells connected. I think that we are going to connect the first one in May, June, and connecting the fourth one in May, June. We are going to achieve the net Repsol of 20,000 barrels a day.

Going to the unconventional, we put in operation a rig in Marcellus in September. This rig is operating, and it's going to stay the whole year, 2026. And in Venezuela -- sorry, Eagle Ford. I was thinking -- I mean after so many questions about Venezuela. In Eagle Ford, we put in operation a rig in October, I think, September, October, and we are going to stay there until the second quarter of this year because oil price is not exactly at the point that the cash price is always -- and again, someone could think that perhaps we could be more aggressive, putting more rigs and so on.

I mean remember the history of the unconventional. If you are prudent, if you are fully focused in maintaining your high productions and so on, you could be clearly free cash flow positive in these assets. If you start increasing in a dramatic way your CapEx, the risk of having inflation of cost in the area and so on, it's always there. So we have a fully positive view that in the framework of this financial prudence in the area.

The blackout, you know that there is still an ongoing investigation led by the regulator, CNMC. I mean, I prefer not to enter in the public debate about the origin of the blackout because I prefer to read this important analysis about what happened that day. You know the consequence for Repsol.

Let me split because remember that in April, April, May, June, we talk about three different events. One of them nothing to do with the blackout, that was a problem with the distributor in Puertollano. And we have a secondary event in Cartagena that could be related to the origin of the blackout, but it's a different event going to the blackout, the big black out of April 28, the potential claim only of this event is around EUR125 million that we consider recoverable, not about the rest of events.

And I mean, we are waiting for this report to have more clarity about the potential responsible of these events. But in any case, we are going to start a claim in legal terms before the end of February. In the time we're in legal terms, this claim is shallow.

I mean I don't know what is going to happen because I don't have a crystal ball. But let me say and let me remind you, Ignacio, that there was a resolution taken by the Spanish Supreme Court in 2022, ratifying a full compensation to Repsol's affiliate, Petronor with EUR18 million for those 12 minutes of blackout that we suffered at that time in Petronor in one of our refineries that, of course, provoked the full blackout and the shutdown of the refinery for days, and we were fully compensated.

So roughly speaking, EUR18 million is a figure very close to the impact of every of our refineries of the blackout we suffered in April because we have to consider that we have five refineries plus three chemical sites, Puertollano, Tarragona and Sines in Portugal. So we are preparing this case, waiting for this report that -- attentive to that. But in any case, we are going to work in legal terms to have a fair compensation for this impact on our industrial plans.

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

Fernando Abril, Alantra.

Fernando Abril-Martorell - *Alantra Equities - Analyst*

Hola Josu Jon y equipo. A few questions, please, if I may. First on Upstream production, you closed the year with 544 thousand barrels and you guide to 560 to 570. My question is how should we think about the production ramp up through the year? And where do you expect output to stand by year-end '26?

Second, on refining margins. You've mentioned the very strong refining margin premium year-to-date. So what are the main drivers? And how sustainable are them? And additionally, what is the potential upside you see from the possible recovery of Venezuela and crude cargoes? Last recent press reports, you mentioned about the favorable Supreme Court ruling for Galp, and I think BP as well regarding the regional hydrocarbon tax in Spain. I don't know if you have similar claims. I don't know if there could be also a material financial impact or recovery for you as well.

Thank you.

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

Buenas tardes y gracias Fernando, thank you. Going to the Upstream production, I mean, the main increase is going to come from, as I mentioned before, the ramp-up of Leon-Castile that today could be the Leon-Castile in a production of a net 12,000, 13,000 barrels a day. And as I mentioned before, it's going to go up to 20,000 barrels a day. Alaska, clearly speaking, is going to be one of the drivers of this growth.

We have a positive impact that could be at around 10,000 barrels a day, roughly speaking, in UK due to the first, the effect of the merge with Hitec, creating NEO NEXT last year, plus the pre-emption process of Culzean the gas asset production that could have a production at around 40,000, 45,000 barrels a day, roughly speaking, gross and was incorporated to the JV at the end of the year.

So on top of that, of course, you are going to ship some natural declines and so on. And at the end of the year, we could have after these ramp ups a production close to around 580,000 barrels a day and the average of the year because, as I mentioned before, a part of this growth. Alaska, Leon-Castile and so on is going to happen over the whole year. So you have to take the average of the year, the average of the year is going to be at around 560,000, 570,000 barrels a day.

Refining premium main drivers, of course, again, and take Fernando, please, as an indication of my comment because I don't have a crystal ball. But there are two solid fundamentals for this increase in the premium and for the sustainability of the premium. First is that we have seen that in the market. So that is not -- it's not something that is going to happen in the future. It's going to be increased in the future, but it's happening today is the supply of heavy oil in the Atlantic Basin. And Venezuela is going to change again in this sense.

So more heavy oil in the market means first, a capacity to fulfill our conversion units, mainly cokers that is higher, so a higher utilization of our conversion units, plus, I mean, more pressure on prices, pushing prices down, discounts, increasing discounts in the case of heavy oil. So that is very important for our system and it's very important for the premium we could capture.

On top of that, buyers. Remember that last year, I can't remember the exact figure, but we could have a figure in average close to \$550, maximum \$600 per ton as a margin of HVO minus UCO for the HVO and bios production. We're seeing for the whole year a figure close to 850 tons -- dollars per ton this year. But reality is that as of today, the figure is at around \$1,200 per ton. That means that, that is supporting also a higher premium.

So on top of that, we have energy efficiency, we have a good operation on many things, but the main drivers for this, let me say, premium momentum are both I mentioned before. And for that reason, not having a crystal ball, I see them quite sustainable for the year. The potential upside for a recovery of Venezuela, as I mentioned before, I mean, the fundamentals are clear, are evident. We have had and we appreciate the full support of the American government and American authorities to push our activity in the framework of the licenses we received, and that is, I think that's a very positive step that I want to underline and to recognize.

Secondly, we have a clear dialogue and a positive dialogue with the government of Venezuela in terms of taking the contracts we have in the country to support these operations, we are going to increase, and the potential upside in figures terms, we talk a bit more, as I mentioned before in the Capital Market Day. But the first upside is that we are going to enter in a normal commercial relationship. That means that, I mean, we are going to be paid by this product -- or for this product, sorry, we produce.

And secondly, that we are going to have a clear commitment to invest in our production to increase the oil production of the country because we think that, that is important for the social and economic development of Venezuela, for the political stability of the country and it's also very important in terms of building a win-win dynamic where more oil means more royalties, more taxes, more production for Repsol and a better future for Venezuelan people. So we are fully committed in this dynamic. And as I mentioned before, the upsides are not included, sorry, in the figures, in the guidance, in the economic and financial guidance I mentioned before. All that is upside.

Going to the Supreme Court ruling. Yeah, I mean, you know that, as you mentioned, there were some Supreme Court decisions regarding a non-legal in the autonomic hydrocarbon tax in the past. We have a very similar claim, probably, I mean, I'm not a lawyer, I'm a chemist. But I think that in legal terms, it could be the same. And as happened in the case of Galp, BP and some others, there was a first resolution also for Repsol coming from what is called in Spain, the Audiencia Nacional, that was dismissed, negative related to our claim.

And we are now waiting the Supreme Court decision, and the Supreme Court decision was positive for Galp and BP. I can't anticipate what is going to be the decision of the Supreme Court for Repsol because I mean, it's not in my hands. But I mean, let me underline that the claim is almost the same or very similar. So I prefer to talk about recoverability on how to do these kind of things in the future because now, I think that we have to wait for a legal decision of Supreme Court about that. Gracias, Fernando.

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

Matt Lofting, JPMorgan.

Matthew Lofting - *JPMorgan Chase & Co - Analyst*

Hi. Thanks for the question. You've covered a lot of grounds. I'll just ask you two quick follow-ups. On Venezuela, I just wondered if there's any next or additional fiscal regulatory steps that Repsol thinks is required to support you putting forward the activity and investment that you talked about earlier on the call and how you're thinking about how prudently capital allocation towards Repsol needs to be managed within the sort of the group balance sheet.

And then secondly, what, aside from the sort of the recent outage that you talked about at Cartagena, what sort of kind of planned maintenance schedule you're anticipating on the refining system for 2026 within your guidance? And any sort of notable weighting on that within the quarters?

Thank you.

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

Thank you, Matt. I mean, again, as I mentioned before, I'm a chemist, I'm not a lawyer. But let me say that in general terms, and I'm going to add some comments later. But in general terms, the contractual framework, we have today in Venezuela for our operations in gas and in oil is fully valuable and is fully supported by the American government and the licenses we received.

Saying that, we have to adjust a small things in the framework of these contracts. And what is positive is that what we are seeing a full cooperation behavior coming from the Venezuelan government to do that because, I mean, they are fully interested on that. We have a close relationship with them. And we have the full support of the energy dominance group in the White House and the full support of the Secretary of Energy and the Secretary of Interior in the US to support our activity and support our operations in Venezuela.

So our operational people and our lawyers, they are working together with them in order to adjust some small contractual terms. But I mean, roughly speaking, the Supreme Court is fully valuable and is fully supported by the licenses we've received from the American government.

The Cartagena, the maintenance scheduling of refineries for this year, it's a year with, let me say, medium, low turnaround program this quarter. We have a conversion turnaround program that probably is going to enter some days in the second quarter in the smallest of our refineries in Coruña that is playing to impact mainly in the FCC and the coker, so the main conversion units of the refinery.

We have small units in Tarragona, so the Visbreaker and is producing fuel. So it's not, let me say, nuclear, is not core in the refinery. In the first and the third quarter, the coker of Petronor, 26 days this quarter. And I'm checking everything. I think that there is a catalyst change or something like that in Tarragona in the second, the third quarter.

So I mean, in general terms, it's quite medium, low maintenance year. And on top of that, I mean, we have mainly concentrated in the first part of the year. And I mean, with small reformers, hydrodesulfurization units and some small units over the whole year. But I mean, nothing more significant I mentioned before. Thank you, Matt. Yeah, it's okay.

Pablo Bannatyne - Repsol SA - Head - Investor Relations

Henri Patricot, UBS.

Henri Patricot - UBS AG - Analyst

Thank you. Two questions, please. The first one, I'll come back to Venezuela. You mentioned earlier that you anticipate that's preparing to lift cargoes again for payment for the natural gas production. Would that be just for kind of current production? Or do you expect that you'll get payments for the past production for which you were not paid over almost the past year.

And then secondly, on the cash tax payment, which was quite low in the fourth quarter and the full year '25 as a whole. Just wondering as we look at the 2026 cash flow guidance that you mentioned, what sort of cash tax payments have you assumed?

Thank you.

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

Merci, Henri. In Venezuela, I mean my approach now is step by step. I think that now it's time, first, to recover a normal commercial operations, so being paid by the production we have, that will be a significant step. I think that this time, to use, a part of these proceeds to invest in the country and to increase the production. I think that the future of Venezuela is important for, of course, for Venezuelan people, mainly, but I think that is also important for the operators that we are in the country, and Repsol has been there for years.

And we have to be part of the recovery of Venezuela. So to do that, we are fully focusing on recovering and normalizing of assuming the normal commercialization framework to invest, to increase the production in a quick way in Venezuela.

I mean, I personally even took a public commitment in a statement that we are going to multiply by 3 in three years, the production in Venezuela. That was not blah, blah, blah, it was fully checked with my team, it was fully analyzed, and we see also room in the short term to increase 50% of production in one year in Venezuela.

That is now our priority. I think that if we enter in a win-win dynamic, if Venezuela recover and normal production. If the economic development of the country is evolving in the right way, I'm sure that we are going to find frameworks and solutions to talk about the past, but now it's not the priority. The priority is to recover a normal framework of operation and commercialization of the products in Venezuela.

So that is not now in -- on our agenda in the short term, it's, of course, in our balance, and that is all right, but that is not in our agenda. And as I mentioned before, we are not including these figures now, and we talk about that in the CMD.

Cash tax payments that we are assuming in 2026, I mean the figure could be something in between the 15% or 20% over the -- I mean, refer to the cash flow from operations, I mean, as some kind of guidance of the volume of these tax payments, that, of course, is before the cash flow from operations. I mean, between the EBITDA and the cash flow from operations, but as a guidance, it could be a figure close to a figure I mentioned before. Merci, Henri.

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

Paul Redman, BNP Paribas.

Paul Redman - *Exane Bnp Paribas - Analyst*

Hi. Thanks very much for your time. Just one question. Your Upstream operating income is down around 50% quarter-on-quarter. I just wanted to see if you could talk me through the main moving parts and then how we should think about that as we look into 2026?

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

Thank you, Paul. I mean it's true that there is a reduction of the operating income in the Upstream the last quarter, and there are two factors for that. And when you analyze a quarter after quarter is the Brent price evolution that is -- it goes -- I mean, clearly lower. That is the main reason.

Then secondly, I mean, you also have to take into account that there are two disposals, Colombia and Indonesia. And probably what is more important is that there are EUR80 million, roughly speaking, of exploration costs in the last quarter that are influencing the result of the Upstream.

So the main reasons. I mean, that is -- I mean, the explanation, I mean, oil price, Indonesia and Colombia disposal. And probably what is the most important fact in numeric terms in the last quarter, that is that EUR80 million of exploration costs that we used to -- I mean, because we don't have any expectation to develop these projects. And we pass this cost or factories cost in our P&L. Thank you, Paul.

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

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

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