

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

REP.MC - Q4 & FY 2014 Repsol SA Earnings Call

EVENT DATE/TIME: FEBRUARY 26, 2015 / 12:00PM GMT



CORPORATE PARTICIPANTS

Angel Bautista *Repsol SA - Director of IR*

Josu Jon Imaz *Repsol SA - CEO*

CONFERENCE CALL PARTICIPANTS

Filipe Rosa *Banco Espirito Santo - Analyst*

Haythem Rashed *Morgan Stanley - Analyst*

Bruno Silva *BPI - Analyst*

Lydia Rainforth *Barclays - Analyst*

Jason Kenney *Santander - Analyst*

Matt Lofting *Nomura - Analyst*

Jon Rigby *UBS - Analyst*

Hamish Clegg *BofA Merrill Lynch - Analyst*

Srinjoy Banerjee *Barclays - Analyst*

Irene Himona *Societe Generale - Analyst*

David Gamboa *Tudor Pickering Holt - Analyst*

Brendan Warn *BMO Capital Markets - Analyst*

Biraj Borkhataria *RBC Capital Markets - Analyst*

Neill Morton *Investec - Analyst*

PRESENTATION

Operator

Hello and welcome to the Repsol fourth-quarter 2014 and full-year 2014 results conference call. Today's conference will be conducted by Mr. Josu Jon Imaz and Angel Bautista. A brief introduction will be given by Mr. Angel Bautista, Head of Investor Relations. I would now like to hand the call over to Mr. Bautista. Sir, you may begin.

Angel Bautista - Repsol SA - Director of IR

Good day, ladies and gentlemen. This is Angel Bautista, Director of Investor Relations. On behalf of our Company, I would like you to thank you -- I would like to thank you, sorry, for taking the time to attend this conference on Repsol's fourth-quarter and full-year results.

This presentation will be conducted by Mr. Josu Jon Imaz, our Chief Executive Officer. Other members of the Executive Committee will be joining us as well.

Before we start, I invite you to read our disclaimer note. We may make forward-looking statements which are identified by the use of words such as will, expect and similar phrases. Recent results may differ materially depending on a number of factors as indicated on the slide.

And now I hand the conference over to Mr. Josu Jon Imaz.



Josu Jon Imaz - Repsol SA - CEO

Thank you, Angel. Thank you every people for attending this conference where we will address three main topics. First, the main events of 2014; secondly, the quarterly and full-year results; and finally, third, an update on the acquisition of Talisman Energy together with the outlook for 2015.

Let's start with the main events of 2014. We ended 2013 and began 2014 with the closing, as you could remember, of the disposal of our LNG assets to Shell, as planned. During the first week of 2014, we were able to close the settlement with the Argentinean government in relation to the controlling stake of the Repsol Group in YPF and YPF Gas. That agreement, which was ratified by Repsol's Annual General Meeting in March with a 99.7% acceptance, included the recognition by the Republic of Argentina of a debt to Repsol amounting to \$5b.

In May, the Republic of Argentina delivered a portfolio of Argentinean sovereign bonds which Repsol decided to sell, obtaining almost \$5b, very close to the maximum amount that Repsol could cash in accordance with that agreement.

Additionally, we sold our remaining 12.3% stake in YPF for \$1.3b. In total, we closed the Argentinean solution to its provision cashing -- cashing in \$6.3b.

After that monetization of our Argentinean assets, the Board of Directors of Repsol, of course, agreed to pay an extraordinary dividend of EUR1 per share, substantially improving our shareholders' remuneration for this year, as committed to compensate the support, let me say the full support, of our shareholders during this expiration period.

We ended the year with the announcement to acquire Talisman Energy in agreement with its Board of Directors, taking advantage of our sound financial position and in order to consolidate our strategic objective of growing in our upstream division while improving the risk profile of our portfolio. We decided to enter into a transformational transaction. And let me say that the acquisition of Talisman fits all the strategic requirements we were looking for. First, OECD or OECD-like countries based portfolio. Secondly, growth platforms to prepare Repsol for future value creation and sustainability, incorporating new capabilities to improve the competitiveness of the Company. And finally, value creation for our shareholders.

Now, let's move to the fourth-quarter and full-year 2014 results.

Fourth quarter 2014 CCS adjusted net income was EUR370m and CCS adjusted operating income was EUR626m. These results were 201% and 197% higher respectively compared with the same period of last year thanks mainly to the good results obtained in the downstream business.

2014 CCS adjusted net income was EUR1.7b and CCS adjusted net operating income was EUR2.4b at 27% and 12% higher respectively compared with the same period of last year.

Starting with the upstream business, yes, you can say now, adjusted net income for the fourth quarter was EUR4m, 98% lower than in the fourth quarter of 2013. Let me explain the main differences that are due to, first of all, higher production. We increased production year on year in Sapinhoa in Brazil, in our Kinteroni project in Peru, in Venezuela, the United States, Bolivia, Trinidad and Tobago and Russia. And this increase results in a positive impact on the operating income of EUR124m.

Production reached 371,000 barrels of oil equivalent per day during the fourth quarter, a 16% increase year on year. When we look at the full year, we reached an average 355,000 barrels of oil equivalent per day, a 2% growth compared with 2013, despite lower output coming from Libya. If we compare the -- let me compare both years without Libya, production growth would have reached 8%.

The second factor, lower crude and gas realization prices. That had a negative impact at the operating level of EUR232m. I have to add higher depreciation charges, some higher depreciation charges due to higher production. That had a negative impact of EUR106m. Also, lower exploration costs that led to an increase in the operating income of EUR77m, mainly due to lower amortization of wealth and lower G&A and G&G.

We also have higher taxes with a negative impact of EUR19m, basically in Venezuela and Brazil due to the depreciation of the local currencies against the dollar.



And finally, other items such as the minority interest and equity affiliates and other costs explain the remaining difference.

Our full-year net adjusted result in upstream was EUR589m, a 40% decline due to lower production in Libya for security reasons, as you know, and lower prices.

Discussing our upstream division performance, I'd like to end with our reserve replacement ratio. That was 118% for 2014. We finished the year, the year 2014 I mean, with a total of 1.54b barrels of oil equivalent of net proven reserves and a rolling average over the last five years has been 198%.

Turning to our downstream division, adjusted net income in the quarter was EUR370m which compares with the EUR21m of the fourth quarter of 2013. Full-year net adjusted income is to that more than EUR1b, a 111% increase compared to 2013.

Drilling down, well, even being in the downstream business let me drilling down into the quarterly results, in refining we saw a year-on-year increase in margin from \$4.1 to \$5.5 per barrel, due mainly to lower energy costs, wider spreads between the products, mainly gasoline and middle distillates and Brent.

Higher margins had a positive impact on the operating level of EUR251m. The utilization rate of our distillation capacity has been 80.1% during the quarter, in line with a full-year utilization rate. And we run the conversion capacity at full speed, reaching 105% of utilization rate.

In the petrochemicals business, while the margins are higher, volumes allowed us to improve the operating income by EUR126m. And this improvement is due to the competitiveness programs implemented during the year together with a better market environment.

In the commercial businesses, it was the LPG division, the main driver of the EUR45m increase in the operating income. And notably it's worth mentioning that in the fourth quarter of 2014, as well as the full year, sales in our marketing division in the Iberian Peninsula and the market in general continued the growth trends seen in previous quarters. I presume that's due to the economic growth we are experiencing in the countries where we operate our commercial business.

Moving to gas and power, operating income in the quarter was EUR102m higher year on year. And the results of the North American operation were driven mainly by higher volumes and price, together with the positive impact of marking to market of the contractual commitments for the natural gas commercialization in North America. Results in trading and other activities explain the remaining difference.

In Gas Natural Fenosa, the EUR67m adjusted net income in the fourth quarter of 2014 was 32% lower year on year. And these lower results are mainly explained by the provision for impairment that Gas Natural Fenosa did of the Egyptian LNG plant of Damietta.

Finally, we have seen a decrease in the financial charges year on year, thanks to a higher result of the dollar/euro exchange rate positions, lower debt and the reduction of its average cost.

To sum up this quarter, we have delivered a fair set of results with improved performance of our downstream business offsetting the lower results of the upstream division. Due to the current environment of lower crude oil prices, we've been able to generate positive free cash flow before divestments during the year and even now low crude oil scenario, the integrated model we have designed allows us to remain resilient.

The different investment cycles and cash generation of the upstream and downstream businesses contribute to a greater stability of our results. Let me say then additionally, the increased US dollar strength and the significant portion of our gas production not linked to oil prices provides further steadiness.

On top of that, we have the likelihood of the dividend flow on results of our affiliate Gas Natural Fenosa, a stake that provides further optionality to protect the Company in any possible scenario.

Let me now give you an update on the acquisition of Talisman Energy and the outlook for 2015.



As you may already know, the shareholders of Talisman approved last week, I think on February 18, the sale of the Company to Repsol in the special shareholder meeting that took place in Calgary.

We're working together with Talisman management, always within the scope, of course, of the arrangement agreement, to achieve a smooth integration. We are already identifying value addition initiatives arising from the combination of both companies. This is an affirmative opportunity and we will challenge all that we do on the best of both companies, fully integrating Talisman to emerge with one single culture. We are now in the process of obtaining all necessary approvals, a process that is evolving as expected. Closing should take place before the end of June 2015.

And let me now speak about what we should expect for 2015.

Pending closing, we can't speak at present of the figures of the future merged Company, but we'll have the opportunity to do it in coming weeks.

On a [running style] basis within Repsol, we are revisiting or reviewing our investment program, including our exploration budget in light of the current environment, together with the implementation of efficiency and cost-cutting measures.

In the upstream business, we'll invest \$2.7b which compares to the \$3.8b invested last year. We are reducing our exploration CapEx including in this case G&G and G&A to \$1.2b, a 35% decrease with respect to 2014.

Our investment in the upstream division is going to be focused on the development of our projects mainly in Brazil, the United States, Algeria and the Caribbean and Andean areas.

Our downstream business investment will be applied, basically, to maintenance and to our programs to reduce CO2 emissions, increasing profit through energy consumption reduction at our industrial plants and giving more steps of the new specifications project in our refinery in Peru.

During the year, we will review all of our supply chain and the relationship with our suppliers and service providers in order to reduce costs. We have already started and we have seen price reductions arising from them.

Finally, the integration with Talisman Energy will allow us to optimize even further our CapEx program from 2016 and beyond.

I'd like to confirm that after the Talisman acquisition, we envisage that we will maintain our competitive shareholder remuneration at current levels with the script option.

Before year-end and once the integration of both companies is very well advanced, Repsol will be releasing a new strategic plan for the period 2016-2019. We can advance some strategic lines of the current and future Repsol that, of course, we are going to develop them in the future, the strategic plan.

We have obtained through the acquisition of Talisman the right balance between our upstream and downstream divisions for the short and medium-term. Therefore, our upstream business won't have the mandate to grow. The mandate for our upstream business is to focus on efficiency and value creation through portfolio management at the right moment.

Downstream will remain a strong, efficient free cash flow generator with the right size. Niche international developments could arise, leveraging, of course, our wider geographical presence mainly the lubricants, chemical, or trading businesses.

From the combined portfolio of Repsol and Talisman, we'll be able to optimize CapEx and costs without the need to grow. Exploration intensity can be reduced where needed.

Let me add that we will remain fully committed to our financial discipline, maintaining fully committed to our financial discipline, maintaining a strong balance sheet and competitive shareholder remuneration. Because with a much broader portfolio and no need to grow in the mid-term, I'd like also to stress the fact that portfolio management will become a strong driver of value creation as it has been in the past once the macro

scenario favors this activity. Sustainability, safety, governance, good governance and environmental management of the highest standards will remain at the core of our operation.

So, to conclude, 2014 will remain in our memory as a transformational year for Repsol. A year in which Repsol was able to exit Argentina, deploying the money obtained from the compensation in increasing the scale and quality of our upstream division.

With this acquisition, we complete the achievement and surpass the target that we established in the strategic plan 2012-2016 released some weeks after the expiration of YPF. We'll now focus on the integration of Talisman and thereafter on establishing the new strategy of Repsol outlined in this page.

Thank you very much for your attention. We will now be pleased to answer any questions you may wish to ask. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions).

Angel Bautista - Repsol SA - Director of IR

Thank you very much. This is Angel Bautista again. We'll move now into the Q&A session. As always, we've been able -- at setting the webcast. But just -- just only use it if you have any connection problems during the call. In case that happens, and we believe it won't happen, I will address those queries at the end. And, well, let's now move into the Q&A session.

Filipe Rosa, Banco Espirito Santo.

Filipe Rosa - Banco Espirito Santo - Analyst

Hi. Good morning, everyone. Thank you very much for taking my three questions.

The first one relates to your output for 2015 in the upstream, if you could provide us some guidance. The Q4 exit rate is much higher than the average for the year, so if you could provide us some color on guidance for 2015, taking into account specifically probably some comments on Brazil and Libya which could provide some important swing factors?

My second question relates to your guidance in terms of CapEx. So you guided for upstream. I don't know if you -- apart from exploration, where are you cutting any projects from your pipeline? Are you delaying any projects so that you managed to reduce your CapEx so significantly? And if you could provide us a guidance for the overall Company for 2015 in terms of CapEx?

And finally, on exploration, you are reducing your budget, but 2014 was a record year in terms of investment. Could you just let us know what are the main highlights in terms of wells for -- in terms of exploration for 2015? What are the wells that we should look at? Thank you very much.

Josu Jon Imaz - Repsol SA - CEO

(Spoken in Spanish). Let me say, regarding our guidance for 2015, in terms of production in our upstream business, our guidance is to increase 6%, 7% the current production that we have had this year in 2014. That is it fits in that current way with our strategic plan. And let me say that we are forecasting this production and this increase of production, excluding both years, the possible effect of Libya. Anyway, as you know, the production

in Libya in net terms last year was only 13 barrels -- 13,000 barrels per day as average. So even in the worst situation, we are going to increase our production in 2015.

Regarding our upstream CapEx, our E&P investment decrease is 27% in dollars with respect to 2014 and up 57%, a bit more than the half cut, or decrease, in the investment corresponds or comes from lower investment in exploration. I think that there are some reasons behind this reduction. One of them is the intense exploration campaign of 2014. So we are comparing the current figure or the guideline for 2015 with \$1.8b invest in exploration in 2014. That is a very important figure.

And the other part of the reduction is also the rationalization of our exploration activity because, first of all, the new and strategic scenario, I mean after the acquisition of Talisman, we are not in some way obliged to grow every year. We could put more focus on value creation and free cash flow generation and not in growth. And, of course, we are also in general terms adapting our investment in E&P to the current low price scenario.

50 -- 40%, 45% of the full reduction in CapEx corresponds to lower development investment through, of course, the reduction. Of course, we are benefitting from the current market condition. In some ways the reduction of running investment, non-critical activities in ongoing projects and, in any case, we are slowing down or delaying the critical and the strategic development projects in our upstream activities.

I think that you also asked me about Brazil. In Brazil, we are going to achieve the plateau of the production in Sapinhoa North -- the north part of the project Sapinhoa at the end of the year, in the fourth quarter. After achieving this plateau, I think that in gross terms, we'll have a production of 270,000 barrels per day in Sapinhoa. So you have to take into account that we have the 60% of the 25%. That means in net terms, plus our production in Albacora, I mean our production at the end of the year at around 43,000, 45,000 barrels per day net terms for Repsol in Brazil.

Regarding Libya. Regarding Libya. I mean, first of all, as you know, for security reasons we shut down our production the first week of November.

In the short-term, on the ground, I mean do we have a strong security concern and we have not any -- many hopes regarding the short-term there. Perhaps, provisional terms, let me say that in any scenario where we could have a fair and good security environment on the ground, we will be -- we'll be able to achieve almost a full production in 27 or 96 hours. That means that in technical terms, we will be able to overcome this situation quite quickly.

And perhaps let me add a strategic analysis about Libya regarding the medium and long-term. It is evident that Libya is a problem for Repsol. But let me say that Libya is also a problem, of course, for Libyan people and also for Europe because in the current international scenario, the possibility to have a fairer stake in the borders of the European Union, I mean, is a main concern for the international community. So we are following and we think that this effort of the international community trying to stabilize the country could have a good result in the medium and long-term. But I mean that is a strategic analysis regarding the future. And in the short-term, the only thing I could say is that we have strong security problems.

Regarding the guidance CapEx for the whole Company, the \$4.8b was the full CapEx in 2014 and we are going to reduce to \$3.8b in 2015.

Filipe Rosa - *Banco Espirito Santo - Analyst*

Okay. Thank you. And --

Josu Jon Imaz - *Repsol SA - CEO*

Excuse me. Excuse me. I forgot it. I have here notes about your questions and I forgot to answer the last one.

In the same spirit of the current strategic and oil price situation, we are going to be prudent regarding our exploration campaign. That means that we have more appraisal wells than frontier wells. The appraisal wells that are going to help us to define coming projects are the appraisal in Campos 33 in Brazil, the appraisal well that we are to develop in the Gulf of Mexico to appraise our recent discovery of Leon. And, finally, three wells in



Alaska. Two in the area of Qugruk, one in Alpine, to appraise and to allow us to define, in the first quarter, more or less, of 2015 a development project for Alaska.

In total terms, we are going to try 21 wells this year. 13 are appraisal and eight are exploration pure wells. And let me say that regarding -- we were trying to reduce our exploration in frontier wells, in frontier areas. Regarding these kind of areas, we are going to explore two wells in Angola in the Block 22 area and the third one in Norway.

Filipe Rosa - *Banco Espirito Santo - Analyst*

Okay. Okay.

Josu Jon Imaz - *Repsol SA - CEO*

Okay.

Filipe Rosa - *Banco Espirito Santo - Analyst*

Thank you very much. Thank you very much.

Angel Bautista - *Repsol SA - Director of IR*

Thank you Filipe for your questions. Now let's move to Haythem Rashed from Morgan Stanley. Hi, Haythem, how are you today? Please go ahead with your question.

Haythem Rashed - *Morgan Stanley - Analyst*

Thank you, Angel. Good afternoon, gentlemen. A couple of questions from my side, please?

Firstly, just on the North American gas business and the good results you've had there. I just wondered if you could give us a sense of how repeatable that will be in 2015?

And it seems to be an area where it's -- it delivered over and above expectations reasonably consistent. Is there something you can tell us about how much of that performance is something that we can see continue into 2015 and help you through the weaker oil price environment?

Secondly, I have a question on the CapEx guidance that you gave for 2015. But specifically what your basing your assumptions or estimates on, particularly with regards to the oil price? So is the 27%, 28% reduction in CapEx a reflection of the -- does that assume your base price that I think you talked about before of \$85 2015, \$93 2016 or are you looking at a different oil price scenario with that CapEx plan in mind?

And then my final question is really around your new strategy. I appreciate that you probably will come back to us with more detail on that. But perhaps if you could just elaborate a little bit about this -- the idea of more sort of portfolio management and focusing on value creation. Could you tell us a little bit about what that can entail? Is that looking at all assets within your portfolio like gas nat? Is it about monetizing more of your upstream discoveries with the exploration successes you've had earlier on? Just a little bit of color around that would be helpful. Thank you.



Josu Jon Imaz - *Repsol SA - CEO*

Yes. First of all, starting for our gas and power business in North America. I mean, as I said in my speech, we are the factor of the mark to market positions we had in the fourth quarter. Of course, we are going to do our best to repeat these results in the future, but I have to say to you that we depends -- we depend in a close way from weather, for instance. Because you know that we took advantage of the high prices in New England and in the Northeastern American coast. And in these scenarios, our Canaport plant and our commercialization business in North America is more profitable.

So I can't deliver, of course, anything regarding the first quarter of the year. But I could say that that is going to depend in a strong way from the weather in North America and, of course, the mark to market positions we have.

Regarding the CapEx reduction, I mean first of all, we have a long-term price scenario, price stick. And in our opinion, the right (inaudible) in a conventional production, the natural decline of wells and the long-term slowdown across the sector will translate into a tightening of the supply-demand balance that will bring prices up. That is our view regarding our price scenario on (inaudible). But, of course, we are not here to forecast the oil price scenario but to manage the current scenario.

So my duty is to manage this Company in a scenario where the Brent price is \$60 per barrel. Regarding this scenario of \$50 per barrel, we have to be able, even in this current scenario, to have, as Repsol, I'm talking of course about the Repsol standalone Company, I can't deliver any figure regarding Talisman, as you know, before the closing, is to have a free cash flow neutral scenario at the current oil prices.

So, to achieve this objective, we are being very prudent regarding our CapEx on -- in our upstream business. And, of course, we are trying to promote efficiency in every business of Repsol. As you know, we have a long track record of managing businesses in toughest scenarios. I'm talking in this case oil refining, petrochemicals and some others in the current European scenario. And I think that we will be able to do that.

Regarding your last question, portfolio management, first of all, we are not in a hurry to divest anything.

First of all, we have the cash we need now to pay Talisman transaction. And it's true, I mean we announced to the market that 12 months after the closing we are going to be able to divest EUR1b assets into the market. That is a 3% -- 2% of the total assets of Repsol. It's not too much. And, of course, we are going to be take account the oil scenario price in this policy. And in that case, we'll try to divest in assets not directly linked to the oil price.

And regarding gas nat, you know that gas nat is always an alternative. But today's environment reinforces integrated model, with a strong cash generation coming from downstream and Gas Natural Fenosa, and Gas Natural Fenosa brings a cash dividend with a much higher yield than the marginal cost of debt after taxes. So, we are not in a hurry to do anything regarding divestment. We'll do it but in the right moment.

Haythem Rashed - *Morgan Stanley - Analyst*

Okay. Thank you very much. Very clear.

Angel Bautista - *Repsol SA - Director of IR*

Thank you. Thank you very much, Haythem. Now let's move to Bruno Silva from BPI. (Spoken in Spanish).

Bruno Silva - *BPI - Analyst*

(Spoken in Spanish). Thank you very much for your questions -- for taking my questions.



The first one, a quick wrap up on the Venezuela contracts. That has been deteriorating and I remember asking you in the last earnings conference call what was your position. I just wanted to have, if possible, an update from your side?

There are several other companies probably more affected by the local currency have been doing impairments. I didn't quite see any reference to Venezuela amongst the impairments and provisions that you have recorded -- that you have booked in this last quarter. I just wondered if you could make an update? And what criteria are you using in order to do impairments or not, particularly regarding Venezuela?

And the second question related with recent news with potential investments in Canaport, if you could comment on that?

And related with the results from Canaport, can you please quantify what is the contribution from the mark to market of positions in these results?

And finally, you commented that you are still keeping the \$1b divestment target. I would just complement by asking if after the -- these couple of months, since the announcement of Talisman deal, if you have evolved in terms of your knowledge of Talisman business and whether or not you are more or less optimistic regarding targets such as [bolivars] of synergies? And if you could provide us what would be for now the annual schedule of savings and integration costs, namely for 2015? Thank you very much.

Josu Jon Imaz - Repsol SA - CEO

Thank you very much, Bruno. Let's start by Venezuela. Let me say that we are operating in Venezuela in a normal way and we are developing our projects in Venezuela in a normal way. And let me also say that I know that there are some companies, or sectors that have less or more difficulties in Venezuela. But you also have to take into account that the oil and gas sector is very particular in Venezuela because it's a key factor for the economic sustainability of the country and so the environment where we operate is different from the environment, in business terms I mean, where some other sectors or companies operate.

Regarding the influence, or risk of devaluation on -- in accounts in Venezuela, I mean the last exchange rate for the sector, as you know, contemplates the official exchange of 6.3 bolivars per US dollar. So there is not any impact on the oil and gas sector companies.

Of course, we did a provision of EUR74m in the last quarter. And why? Mainly -- I mean in terms of prudence regarding the possible evolution of the year. Let me say, I don't know what is going to happen in the future. But even that is not going to -- perhaps it's not going to happen, but even in a future scenario, a devaluation of the official exchange rate, I mean taking into account that our operations in that country are externally dollarized, taking into account that we could have gross effects, -- I mean we could be -- we could have a short position in bolivars loan in dollars. So in financial terms, we could have a positive effect and in tax terms, we could have negative effects. Our people, our team, with this provision, is comfortable for this year, even taking into account a possible scenario of value valuation of the official exchange rate.

Next point, the mark to market of Canaport in the third -- in the fourth quarter has been more or less in operational terms EUR60m -- \$60m sorry, I mistook. \$60m. So that is the mark to market position. But, of course, this mark to market position, I mean in cash terms, is going to be recovered in January and February at the end of the contract.

The other side -- your next question was about, sorry? Potential investment in Canaport, sorry. I mean as you know, Canaport was outside the perimeter in the sale of our LNG business to Shell. And, of course, our goal is now to maximize the value of the plant, analyzing, studying and trying to implement different alternatives. It's true that in the market, you know that there is a growing interest in exporting LNG from United States, from the Eastern and Pacific Coast of Canada. And we are trying to take steps in this direction in order to know this option to be open and to be available for Repsol.

So the idea is to design an attractive product for Repsol and for third parties in order to come in to be able to attract investment. But let me say -- let me underline that Repsol doesn't contemplate under any scenario to make a significant investment in Canaport. So in terms of CapEx for Repsol, it's going to be near zero. And now we are looking for a permit. We are analyzing the beginning of the project and we are going to try to be able, if we could have the possibility to analyze a different alternative, and I think that that's okay.



Yes, okay. Sorry. I forgot it. Yes, regarding Talisman, let me say that I have to be very, very prudent, as I said before, in my speed and in my answer. At the current day, Talisman is another company and we could have the opportunity after the closing to manage the company, to know in the current quarter, the more strong points/weaknesses are and of course to analyze and to deliver the synergies we forecast when we design the takeover operation over Talisman.

Angel Bautista - *Repsol SA - Director of IR*

Okay. Thank you very much Bruno. Now let's move to Lydia Rainforth from Barclays. Hi Lydia. It's always nice to speak with you. Please go ahead with your questions.

Lydia Rainforth - *Barclays - Analyst*

Thanks Angel and good afternoon. I will stick to three questions if I could. Can you just tell us where you are regarding the thinking on the hybrid bond and whether you need to get that done before the deal closes or whether that is done in the second half of the year?

And then secondly and partly linked to that, the oil price at the moment is below what I think you consider the acid test when you did the Talisman deal. Is there any implication on that in terms of what you think you might have to do with in terms of the credit rating agencies and just outline any discussions you might have had with them on that.

And then just a final question. Actually, two if I could. First question just on the cost optimization side. How much are you looking for that being, and this is just for Repsol itself, how much are you looking for that to be self-help and actually efficiency improvement versus what you are looking for from the supplier side?

And just a very quick clarification question. The conversion capacity utilization of 105%, is that the maximum that you think you can get or can that be touched any higher at all? Thank you.

Josu Jon Imaz - *Repsol SA - CEO*

Thank you, Lydia. First of all, let me say that we are not in a hurry to issue the hybrid bond. We delivered, as you know in the roadshow and after the announcement of the acquisition of Talisman that we are going to issue a hybrid bond of a maximum of EUR5b, but it's ongoing a financial question. We are not going to do it in -- we are not in a hurry to do it now. We could pay the full Talisman transaction with the cash we have in our pockets.

That means that we are going to do that over the year, perhaps in two, in three tranches and we are, of course, to take advantage of any window opportunity to issue this hybrid. But we are not in a hurry to do it. We'll deliver the information about this issue in coming next 12 months.

Regarding the rating, we have enough financial flexibility to give a strong answer regarding the maintenance of our keep going our rating grade. So, we checked with some rating agencies two months ago the scenario and we haven't got any news, neither linked to external factors nor to prices scenario that have changed in over the last two months. And let me say that we underline that we'll do whatever it takes to maintain the current investment rate.

And let me say, we have many tools to react. We have of course the cash we have in our pockets. We have the, of course, the hybrid bonds issue in process. We have the portfolio management, we have the reduction of CapEx of further divestments not linked to oil price assets. So -- but our financial cushion is really right to ensure that we are going to maintain our rating grade.

Second question, cost optimization. More or less when I was talking about a reduction of \$1.1b in CapEx terms, in our upstream business, I said 55% more or less, I remember the figure, comes from the exploration activity and 45% from our development programs. So, let me say that more or less from this last figure, that could be \$450m. 50% could come from, in some way, a slowing down some running investments or things like



that and 50% comes from efficiency. That could be \$200m, \$250m in our upstream activity, and that means more or less 6%, 7% of the full CapEx, and I'm talking of course about CapEx in upstream regarding this efficiency of cost optimization.

That more or less fits in a current way with what is happening, what some other companies of the sector are delivering now. And of course you know that we are and we continue improving the efficiency of our downstream businesses mainly through the reduction thanks to our CO2 program, the reduction of our energy cost. And you know that in our refineries and in some way perhaps a bit less of course in this last case of the petrochemicals, but in our refineries, 65% of the total cost is energy.

So -- and last year we have been able to reduce in 450,000 tons our emissions of CO2 of the Company, mainly in our refining and petrochemical businesses also our products in the upstream business. And thanks to these CO2 reductions, we have reduced in a huge way our energy cost in refining, and we are going to go on through this program over 2015.

I know that regarding -- I note here 105% the conversion utilization rate in refining. I think that that could be a quite estimation figure. But you have to take into account first of all that when we use the term utilization, we are comparing with the possibility we have to operate the plant outside the maintenance programs and second one, you also have to take into account that in some processes, mainly coker, and we have four cokers, we don't operate in continuous terms, but we operate in batch. That means that if we are able to reduce at the time of the full cycle of the coker, that means that we are able to increase the comparison utilization rate of our system.

Theoretically, we could say that 108%, 110%, could be the maximum, but this year that we are going to do our best to overcome this figure. Thank you, Lydia.

Lydia Rainforth - Barclays - Analyst

That's really helpful. Thank you very much.

Angel Bautista - Repsol SA - Director of IR

Thank you Lydia. Now let's move to Jason Kenney from Santander. Hi Jason. How are you? Please go ahead with your question.

Jason Kenney - Santander - Analyst

Yes, thanks very much. So, maybe building a bit on Lydia's question and asking it in a different way. I'd be interested in your views on the profile for net debt to EBITDA, where it was at, at the end of 2014 and what kind of progression or profile you see to the end of 2015 once Talisman is acquired?

Secondly, I'm just looking at the cash flow in the results announcement. Did you restate the 2013 cash flow number and if so, I was just wondering why that.

And then maybe finally, I know you've guided Talisman will close in the second quarter. Do you think that's more likely in April or in May? Thanks.

Josu Jon Imaz - Repsol SA - CEO

Thank you Jason. Regarding the first question, let me say that I'm not going to deliver anything, I mean of Repsol plus Talisman, because I can't do that now. I mean we'll do after the closing. And now I'm going to give you the figure regarding Repsol standalone. And at the current \$60 per barrel price, oil price, let me say that our forecast is that we are going to be neutral for the current Repsol in 2015 in terms of free cash flow after taking, of course, after financial expense, after CapEx logically and after dividend.

Jason Kenney - Santander - Analyst

Okay.

Josu Jon Imaz - Repsol SA - CEO

Yes, could you repeat the second question please?

Jason Kenney - Santander - Analyst

Yes, I was just looking at the cash flow statement. It looks like you've reseeded the 2013 number by around EUR1.4b. So, I was wondering why that was.

Josu Jon Imaz - Repsol SA - CEO

Yes, the answer is yes. We restate the 2013 cash flow number due to the new reporting standard that is called NIIF. That's -- so the answer is yes. And regarding your question about the closing process of Talisman, I mean let me say that we are to close the process as soon as possible and our commitment is to do it in the second quarter of this year.

Jason Kenney - Santander - Analyst

Okay. Thanks.

Angel Bautista - Repsol SA - Director of IR

Thank you. Thank you Jason for your questions. Now let's move to Matt Lofting, Nomura. Hi Matt. How are you? Go ahead with your question.

Matt Lofting - Nomura - Analyst

Hi. Thanks a lot Angel. Two questions if I could please. Firstly, just sort of coming back to CapEx. I think you talked about sort of within the development side of the plan adjustments sort of roughly 50% being related to slowing down activities versus 50% efficiency gains. On the former, I wonder if you could just give us a sense of specifically what projects have been slowed on a view through 2015, and within that what the status of the Perla project in Venezuela is at the momentum. Whether or not that's online yet and if not, when it is expected?

And then secondly, just if you could comment on the trajectory on a standalone basis at least for upstream depreciation for the -- for this year. I think you noted in the press release that the depreciation was around EUR100m higher year-on-year in the fourth quarter. Thanks.

Josu Jon Imaz - Repsol SA - CEO

Regarding your first question, let me say that no strategic project for Repsol. I'm talking about the strategic project. You know that we are talking about Lafayette. We are talking about Cardon. We talking about Margarita. I mean no project has been slow. The CapEx reduction has been delivered, or done, or is going to be done thanks to efficiency and to a slowdown of a running investment of current projects, but not a strategic project.

Let me only I mean underline the exception of mid-continent. As you know, the unconventional environment is quite different, so you have the possibility to reduce or to slow down your CapEx to fit to your cash needs and to production monetization in the current oil price scenario. We are



slowing down our investment in mid-continent. I'm not going to deliver more about this issue because I have to respect the operator service that tomorrow is going to deliver the full figures regarding what is happening in mid-continent.

So, why do we have higher in the procession in the fourth quarter comparing with last year? I mean that is mainly because the higher production in Brazil and United States.

Matt Lofting - *Nomura - Analyst*

Okay. Great. Thanks a lot.

Angel Bautista - *Repsol SA - Director of IR*

Okay, let's now move to Jon Rigby from UBS. Hi Jon. Good to speak with you again. Go ahead with your questions.

Jon Rigby - *UBS - Analyst*

Hello Angel. Two -- three questions actually on comps upfront. The first is you gave some outlook on the exploration activity and this risk profile that you're taking. You talked about number of wells drilled, split it between appraisal, exploration and frontier. Can you just give the comps for 2014 as well, just so that I can gauge how the money is being spent year-over-year and maybe get some idea about the likely accounting impacts of that cut in exploration, if that's possible?

The second is just on the hybrid debt. Just some clarification. Is it likely you are able to put that into a jurisdiction where you'll get full tax yield for the interest charges that you gained? So obviously net down the cost of any debt that you issue, if you can just maybe make some comments around that.

And then I think actually -- oh yes, so one other thing. Is there any plan at some stage or rather as you sort of deepen your position in the US to upgrade your ADR listing to sort of a full listing in the US as opposed to where you are right now? Thanks.

Josu Jon Imaz - *Repsol SA - CEO*

Yes, thank you Jon. Regarding your first question, let me say that over this year we drilled 34 wells. 12 of them were positive. Eight are now under evaluation and the rest, that is 12, 8, 14, I think, they were negative, the rest.

Regarding the positive, let me stress, I mean Leon in the Gulf of Mexico, [CR2] in Brazil Braskem 2 and of course the successes we had in Alaska and in Russia in West Siberia.

Regarding the tax shield of the interest charges, there is no limits to tax deduction of interest charges. So, I mean that we could make the deduction of operating regarding this issue.

And regarding the last question, could you repeat it please?

Jon Rigby - *UBS - Analyst*

I was just wondering whether I guess as you deepen in the OECD and build your upstream business, whether you will also upgrade your US listing to full ADRs in comparison or comparable with your peers?



Josu Jon Imaz - *Repsol SA - CEO*

Yes, sorry Jon. I didn't know the last one. Yes, it's opportunity that we are analyzing now and we are going to make a decision after the closing of Talisman.

Jon Rigby - *UBS - Analyst*

Okay. Lovely. thank you.

Angel Bautista - *Repsol SA - Director of IR*

Thank you, Jon, for your questions. Now we move to Hamish Clegg from Bank of America Merrill Lynch. Hi Hamish. Please go ahead with your questions.

Hamish Clegg - *BofA Merrill Lynch - Analyst*

Hi guys. Thanks for taking my questions. I had two quick ones for you. Firstly, just in the refining business, I noticed I mean a fantastic quarter demonstrating how well this refinery is performing. One of the things you started off the call with saying the performance was due to two things. One is obviously your improvement and two is the better environment. Do you think you could maybe give us a bit of a guide in terms of how much of the better performance is from the environment versus the improvement?

And then my second question is I note that Talisman is seeking tenders for a -- or putting out a tender for FPSOs on the Ca Rong Do project in Vietnam, which has sort of gone out there. I was wondering if you could tell us about how your -- in advance of the deal, how your working relationship was with Talisman prior to this deal closing and your influence over development of various regions because whilst Vietnam's a pretty profitable region for Talisman, can we assume you won't allow the Company or maybe this isn't possible, to commit more CapEx in less profitable regions like North America and the North Sea?

Josu Jon Imaz - *Repsol SA - CEO*

Thank you, Hamish. First of all, let me say that as you said, the first quarter was sounding for our refining business and I know that I am going to have problems with our IR people after saying that.

But let me add that in taking into account growth we have experienced in January and February, the first quarter of this year is going to be even better. I don't know how it's going to take this -- how long it's going to take the situation, but that is the current situation. I mean you could even clearly know what part comes from the environment, and what part comes from the efficiency. I mean if you take the margin index and I think that we have delivered the figure of the margin index, I mean this improvement is due to prices.

I mean the differential between our result we delivered in our downstream operational result and the margin index is due to a higher efficiency. So, I think that more or less we have been able to earn \$1.5 per barrel over our refining index over the last quarter. So taking into account that we are distilling more or less 20m barrels per month, 60m barrels, I mean in operational terms, we could think that EUR90m more or less came from the efficiency difference.

And regarding the new projects, Cartagena and the upgrading of Petronor, from the full of the total refining index, \$3.6 per barrel, it comes from the upgrading of past projects.



Hamish Clegg - *BofA Merrill Lynch - Analyst*

Okay.

Josu Jon Imaz - *Repsol SA - CEO*

Oh sorry, regarding the second question, it will be fantastic to have the opportunity to answer you about this question, but you have to understand that I can't take into account that nowadays Talisman is a different Company and we have to respect the legal issues regarding our relationship now with Talisman. Before the closing, I am not able to answer anything regarding this question.

Anyway that has nothing to do with -- I mean the relationship between both companies. But let me say that I had the opportunity to know in a varied way, because I visited South East Asia with Mr. Cabra, who is the person managing our upstream businesses two weeks ago, and I had the opportunity to know on the ground that the relationship of Talisman in this area is really good and okay.

Hamish Clegg - *BofA Merrill Lynch - Analyst*

Well then, thank you.

Angel Bautista - *Repsol SA - Director of IR*

Okay. Thank you very much, Hamish. Now let's move to Srinjoy Banerjee from Barclays. Srinjoy, I believe you are a fixed income analyst, so please go ahead with your questions.

Srinjoy Banerjee - *Barclays - Analyst*

Hi. Thank you for taking my questions. So, just a couple on Talisman. After the Talisman acquisition, would Repsol guarantee Talisman's outstanding debt? And then what are your thoughts on Talisman debt going forward? Would you refinance from the Repsol level as it matures? Thank you.

Josu Jon Imaz - *Repsol SA - CEO*

I am sorry. I am sorry to repeat that this is a decision that we are going to have in any case after the closing of the taking over process with Talisman. I am sorry, but in legal terms, I couldn't deliver anything more regarding this issue. Thank you.

Srinjoy Banerjee - *Barclays - Analyst*

Okay. Thank you very much.

Angel Bautista - *Repsol SA - Director of IR*

Thank you. Now, let's move to Irene Himona. Hi Irene. How are you? Always nice to speak with you. Go ahead with your questions.

Irene Himona - *Societe Generale - Analyst*

Good afternoon. Thank you. Just one actually going back to the downstream, if I may. And looking at downstream, excluding the North American gas business, so if you like, the genuine downstream, you had a fantastic year. It was the highest. For the full year, it was the highest EBIT since the peak in this cycle back in 2007/2008. So I wonder what in giving us sort of guidance for Repsol standalone been let's say cash neutral in a world of



\$60, were there reduced CapEx? What are you budgeting? What is your expectation, your assumption for that genuine downstream division? And you mentioned already that Q1 is even better than Q4. But what is embedded in your guidance? Thank you.

Josu Jon Imaz - *Repsol SA - CEO*

Thank you Irene. Let me say, let me remind you, well, you know the figures, so but let me remind the EBITDA of the full upstream businesses in six years terms in 2014 has been EUR2.2b. It's going to depend of course from external factors like the refining margins that you know that is not in our hands. But my best approach now to the EBITDA CCS for our downstream businesses, for Repsol standalone is obvious because Talisman has not constant businesses. So for Repsol it could be around EUR2.5b, EUR2.6b for 2015. So, fortunately for us, downstream, I think that is going to be a real cash cow for this coming year.

Irene Himona - *Societe Generale - Analyst*

Thank you. And just to go back and clarify one thing, if I may. Can you just repeat for us what your budgeted CapEx is for the downstream in 2015? Thank you.

Josu Jon Imaz - *Repsol SA - CEO*

Yes, I think I am not going to repeat it, because I think that I don't deliver the figure. But it's going to be EUR970m and that's more or less due to the -- EUR700m, EUR750m is our running business investment every year in our downstream businesses, including the efficiency investment, plus what we are going to invest in the upgrading of our La Pampilla refinery, that you know that we launched that project in 2012.

Irene Himona - *Societe Generale - Analyst*

Okay. Thank you very much. Very clear. Thank you.

Angel Bautista - *Repsol SA - Director of IR*

Thank you Irene as always. Now let's move to David Gamboa from Tudor Pickering Holt. Hi David. Go ahead with the questions.

David Gamboa - *Tudor Pickering Holt - Analyst*

Hi there. Thanks for taking my questions. I just have two if I may on the exploration side of things. So I'm just trying to get a sense on where you guys are going to focus your exploration activities going forward. You mentioned Angola where we've got couple of results last year, but not clearly commercial. You mentioned you're going to drill two wells in Angola this year. You said Block-22. Have you dropped the well that you're going to drill in Block-37 or are you still going ahead with that? And do you have any update on the Locosso well that's being evaluated?

On the same side of things, you mentioned the Alaskan appraisal program this year, and I think you mentioned you were thinking about development project in Q1 repeating. Can I just confirm that date and how do you see the Alaskan? Do you need the well results in order to progress within FID over there or how we should we think in the Alaskan timing over there. Thank you.

Josu Jon Imaz - *Repsol SA - CEO*

Yes, thank you, David. Let me regarding the Block B-22, the Locosso well, that was the first one, it's now under evaluation. So this well is going to go in the same direction.



Regarding the other wells where we are not operators, I'm talking about the B-37 and the B-35 blocks in the last 20 E&I the operator, we have no news about the drilling now.

Regarding Alaska, I can't confirm because you know that we are going to drive three wells this year to appraise -- as an appraisal of our discoveries in the area. So, in order to know in any segue, I mean the resources we have in the area and the feasibility of the development plan, we have to wait for this -- the conclusion of these three wells. Now these days we are starting the first one. But I think that we are going to be able after drilling these three appraisal wells to prepare and to deliver with a high probability development plan -- development plan sorry, that we will deliver and we'll launch the FIV probably in the first quarter of next year in 2016.

David Gamboa - *Tudor Pickering Holt - Analyst*

Thank you. Thank you very much.

Josu Jon Imaz - *Repsol SA - CEO*

Thank you David.

Angel Bautista - *Repsol SA - Director of IR*

Okay. Thank you. And now let's move to Brendan Warn from Bank of Montreal. Hi Brendan. Go ahead with your questions.

Brendan Warn - *BMO Capital Markets - Analyst*

Yes, thank you gentlemen. Its Brendan Warn from BMO Capital Markets. Just two questions. Just the first one on obviously we're in a \$60 oil price environment. Can you just make a comment on expected sales increases or marketing benefits in Spain? We're noting that year-on-year sort of fourth quarter grew by 4%.

And then just second question relating to call it a \$60 oil price environment. And if you can make any further comments related to the Talisman acquisition again, if possible? Just your statements about the IRR or the acquisition being above WAC and also what your expectations at EPS are once the deal has closed. You said it will be neutral for 2016. Are you able to restate that or will you be restating those estimates?

Josu Jon Imaz - *Repsol SA - CEO*

Yes, regarding our marketing businesses, our marketing sales in Spain, let me say that the growth year-on-year in 2014 has been at around 2% more or less the full sales of our marketing business in 2014. Sorry, I have to check this figure, excuse me. Sorry, I haven't the figure now with me, but I think that the full figure regarding the sales of our full marketing business has been a growth of about 2% this year.

Regarding 2015, we have to think that the general around the framework of economic feature in Spain and Portugal where we have I mean part of our downstream sales is improving, and we expect to have a small growth at around 1% more or less on the sales, in the sales of our full downstream businesses in Spain and marketing businesses and more or less keep growing our margins in this business.

Regarding Talisman, let me say that we said in December, that this transaction in terms of earning per share was accretive for 2016 and 2017 depending, of course, of the price deck. You remember that we said at that time that in our own price deck, it will be accretive in 2016 and in non-asset price deck, the accretivity will come in 2017, and we maintain what we said in December in terms of profitability of the acquisition of Talisman. We maintain growth we said in December. Thank you.



Brendan Warn - *BMO Capital Markets - Analyst*

Yes, thank you.

Angel Bautista - *Repsol SA - Director of IR*

Okay. Thank you very much Brendan. Now let's move to Biraj Borkhataria from Royal Bank of Canada. Hi, Biraj. How are you? Go ahead with your questions.

Biraj Borkhataria - *RBC Capital Markets - Analyst*

Okay, thanks. Thanks for taking my question. I just had a quick one on the US onshore. So in the mid-con, could you just remind us of your current activity, how many rigs you're running and directionally where you expect that to go in 2015 and also your CapEx budget for the region? Thanks.

Josu Jon Imaz - *Repsol SA - CEO*

Hey, as I said before, we are reducing the number of rigs in mid-continent. I mean the evolution is going to depend, of course, of the oil price in America, of the West Texas and the oil of course in local terms the oil price in the area. And let me say that I have to respect the operator and tomorrow Sandridge is going to deliver their forecast of investment for coming months and I have to respect the opinion and I have to respect the press conference -- the conference with analyst that Sandridge is going to deliver tomorrow. I know of course the figures, but I have to respect their timetable. Thank you.

Biraj Borkhataria - *RBC Capital Markets - Analyst*

Sure. Thank you.

Angel Bautista - *Repsol SA - Director of IR*

Okay, and thank you Biraj. Now Neill Morton from Investec. Hi Neill. How are you? Go ahead with the questions.

Neill Morton - *Investec - Analyst*

Thank you very much. Good afternoon everybody. Just two quick questions hopefully. Firstly going back to the free cash flow neutrality for standalone Repsol in 2015, you talked about that being after dividends. Are you assuming a script dividend within that statement and if so, what proportion of take up are you assuming?

And then just secondly a quick question on the cash flow statement. In FY 2014 there was a big increase in other financial assets. Just wondered what that was? Whether it was simply you sort of parking liquidity into other short-term liquid investments. Thank you.

Josu Jon Imaz - *Repsol SA - CEO*

Yes, regarding your first question, the answer is yes. And indeed yes, I am assuming more or less a 60% of acceptance.

And excuse me, could you repeat Neill your second question?



Neill Morton - *Investec - Analyst*

Yes, it was just with regards to the cash flow statement on page 32 of the release. There is a EUR1.6b investment in other financial assets during the course of 2014. I just wondered what that was.

Josu Jon Imaz - *Repsol SA - CEO*

Yes, they are for liquid short-term deposits.

Neill Morton - *Investec - Analyst*

Okay, great. Thank you.

Josu Jon Imaz - *Repsol SA - CEO*

Thank you.

Angel Bautista - *Repsol SA - Director of IR*

Hi Neill, thank you. Thank you for your questions. And with Neill Morton we have finished this Q&A session. You know that in the other area we are -- your entire service for further questions you may have or any clarifications you may need. And thank you very much. Thank you.

Operator

That will conclude today's conference calls. Thank you for your participation ladies and gentlemen. You may now disconnect.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2015, Thomson Reuters. All Rights Reserved.

