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PRESENTATION

Operator

Hello, and welcome to the Repsol's First Quarter 2020 Results Conference Call. Today's conference will be conducted by Mr. Josu Jon Imaz, CEO, and a brief introduction will be given by Mr. Álvarez-Pedrosa, Head of Investor Relations.

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

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

Thank you, operator. Good afternoon, welcome to Repsol First Quarter 2020 Results Conference Call. Today's call will be hosted by Josu Jon Imaz, Chief Executive Officer, with other members of our executive team joining us as well.

Before we start, I advise you to read our disclaimer. During this presentation, we may make forward-looking statements, which are identified by the use of words such as will, expect and similar phrases. Please note that actual results may differ materially depending on a number of factors as indicated in the disclaimer.

I will now hand the call over to Josu Jon.

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

Thank you, Ramón. Good afternoon to everyone, and thank you for joining us today. On behalf of our executive team and in the name of everyone in Repsol, I hope that all of you, your families and friends, are well and safe in these difficult times. I also want to pay a tribute to Alfonso Cortina, former Repsol Chairman from 1996 to 2004, who recently passed away, and to all the people that [like him] have contributed to making Repsol the organization it is today.

In today's call, I'd like to cover the following main topics: firstly, a review of the market environment; secondly, the operating highlights and financial results of the quarter; thirdly, the impact of the COVID-19 in our operations; and finally, our Resilience Plan for 2020 and an update outlook for the year with the best information we have today. Of course, at the end of the presentation, we will be available to answer your questions.

Let me now begin with the market environment. The world is going through a crisis of unprecedented nature and effects. After the initial spread of the COVID-19 in East Asia, the expansion of a pandemic into Europe, and the Western Hemisphere has had a profound negative impact on the global economy. In our industry, the disruption created by the coronavirus has added to the collapse of oil prices caused by the price war between producing countries.

In the first quarter, Brent oil averaged $50 per barrel in a very volatile scenario, down by 21% from the last quarter of 2019. Oil suffered in March, its sharpest decline in decades, plummeting below $20 by the end of the month. In recent weeks, we have seen in force from the OPEC+ and G20-producing countries to agree on significant production cuts. However, uncertainty remains and also, its effectiveness to offset the demand contraction caused by the COVID-19 crisis.

International gas price indicators stumble as economic landscape deteriorated. The pandemic has [worse], a gas market that was already under pressure. In North America, Henry Hub averaged $2 per million of Btu and 20% reduction compared to the fourth quarter of 2019. And despite concerns on the evolution of global demand for oil products, refining margins were partially supported by the gradual decline of the oil price, especially visible at the end of the quarter. This very challenging scenario of depressed commodity prices and low demand has extended into the second quarter, and all the questions remain open, including the duration and depth of the crisis.

In the face of the deteriorating and unexpected market situation, Repsol took rapid action, defining an ambitious Resilience Plan for 2020, that includes measures to reinforce our liquidity position and financial strength. This plan will ensure the robustness of our balance sheet and the solid investment grade of the company while we reiterate Repsol's commitment to lead the energy transition, to pursue our goal to achieve net-zero carbon emissions in 2050.

Let me now take you through the operational highlights of the quarter, starting with our new business segments' breakdown. The traditional Downstream division is now split into Industrial and Commercial and Renewables, aligned with our renewed strategic vision. The split reflects the new energy reality and Repsol's multienergy and ESG-ready approach, putting the customer at the center of our operations and reinforcing our commitment to be a leader in the energy transition.

Looking now at the Upstream operational performance. First quarter production averaged 710,000 barrels of oil equivalent per day, a 1% increase year-on-year. A higher production in Eagle Ford, following our higher stake since December; the connection of new works in Marcellus; and the startup of Buckskin last June, were partially offset by lower gas demand, maintenance activity and expiration of the Equion license in Colombia.

Exploration had a remarkable maybe, and repeatable quarter, with discoveries in all of the 6 wells initiated in the period. In Alaska, the 2 exploration wells drilled in the winter campaign were positive, and the flow test have exceeded expectations. In Mexico, we made 2 consecutive deepwater discoveries in Block 29 in the Salinas Basin. Both wells confirm high-quality reservoirs with excellent properties, encountering a net oil pay of 200 meters and 150 meters, respectively.

In Colombia, the positive results of the Lorito well provide continuity of the Acacías project into the western part of CPO-9 block. And in the Gulf of Mexico, the Monument well found close to 200 feet of net oil pay with good reservoir characteristics. Together, these 6 discoveries have uncovered combined gross resources of more than 650 million barrels of oil equivalent, in areas where we are building our future opportunity portfolio.

In the Industrial division, starting with Refining. First quarter Refining margin indicator was $4.70, $0.60 lower than a year ago, mainly due to a narrower middle distillate spreads and a stronger Maya. Utilization of distillation capacity reached 82%, a 10% decrease compared to the same period in 2019, due to planned maintenance since March, the adjustment of production to the lower demand caused by the coronavirus crisis. Even in this scenario, we were able to generate a $0.20 premium over the indicator in the unit CCS margin.

In Chemicals, international margins show a significant increase compared to the previous quarter, especially helped by the drop in the NAFTA price in March, which is increasing the relative competitiveness of NAFTA crackers. Quarterly performance was, however, negatively impacted by planned and unplanned maintenance in Sines and Tarragona. Activity in Tarragona was also impacted by the accident that suffered at the start of the year by IQOXE. IQOXE is a third-party with a high degree of integration in Repsol supply chain, and we have been able to implement alternative logistic arrangements to guarantee the supply of the required products.

In Commercial and Renewables, starting with the Mobility business. Sales in service stations decreased year-on-year as a result of the restrictions and confinement measures applied since mid-March, following the coronavirus pandemic. The Lubricants business showed a robust performance, mainly supported by higher margins and the contribution of international businesses in Mexico and Southeast Asia. The LPG business suffered from the negative effect of a milder winter and lower regulated bottle margins. And lastly, in Gas & Power. The retail side continued to grow its client base, even though the trend in customer acquisition declined towards the end of the quarter due to the pandemic effect.

In Power Generation. Repsol continued progress on its road map to reach 7.5 gigawatts generation capacity in 2025. During the first quarter of the year, we added an 860-megawatt wind farm, Delta 2, and a 127-megawatt photovoltaic park, Kappa, to our Low Carbon generation project pipeline. Delta 2 is located in the Eastern Spanish region of Aragon, and will be developed over the next 3 years. Construction of Kappa located in the south of Castile began in April, and it is Repsol's second renewable generation project to break ground in Spain, following the Delta wind project where construction work began last December.

Valdesolar, our photovoltaic project in the southwest of Spain, will start construction this quarter with all main materials and contracts signed. The renewable projects under construction in advanced development adapt to our combined capacity of 2 gigawatts, which, together with the company's current total store low carbon capacity of 3 gigawatts, consolidates Repsol's position as a leading player in the generation of low-emissions electricity on the Iberian Peninsula. We also keep on working on some brownfield and greenfield projects.

Continuing now with the financial results, I'll summarize the main figures for first quarter of the year. The group's adjusted net income was EUR 447 million, 28% lower than in the same period of 2019. Net income was EUR 487 million negative, mostly impacted by a EUR 0.8 billion negative inventory effect. By segments, the Upstream adjusted net income was EUR 90 million, around EUR 233 million lower year-on-year. In the Industrial division, the adjusted net income was EUR 288 million, a EUR 17 million increase compared to the first quarter of 2019. The result in Commercial and Renewables was EUR 121 million, EUR 16 million lower than in 2019. And finally, the adjusted net income in Corporate & Others was EUR 52 million negative, a $61 million improvement over the same period a year ago.

The group's total EBITDA CCS was EUR 1.5 billion, which compares with [EUR 1 billion] in the first quarter 2019. The cash flow from operations amounted to EUR 0.6 billion, roughly a 50% decrease year-on-year. Net debt, excluding leases, stood at EUR 4.5 billion by the end of the quarter, a EUR 0.3 billion increase compared to December, in line with the investment interest re-shares required to cancel the scrip dilution. Liquidity at the end of the first quarter cover short-term debt maturities beyond 2024, without the need for any refinancing. For further detail on Repsol's result, I encourage you to refer to the complete documents that were released this morning.

Now I'd like to take you through the impact that the COVID-19 crisis has had so far for Repsol. In Spain, the state of alarm effective on March 15 significantly reduced mobility and economic activity in the services sector. After a worsening of the situation, further measures were enforced on March 30, affecting all economic activities, except for critical infrastructures and essential services that include most of Repsol's activities in Spain.

Repsol has closely assessed the impact on our business of this situation and of the downturn in oil and gas prices. The Board of Directors reiterated Repsol's commitment to safeguard the health and safety of our employees, clients and suppliers as well as to continue with our operations to maintain the supply of essential energy products and services to society, critical to sustain key services at this time.

Our Executive Committee have met daily, and meets daily over the last 2 months, to monitor the evolution and effects of the current scenario, and to support the work of our COVID-19 Culmination Committee, that is continuously monitoring the situation to take the necessary steps to reduce the risk of the coronavirus. Thanks to the measures taken, we can say that as of today, the continuity of our Industrial and Commercial operations is fully guaranteed.

Looking at the demand of oil products in Spain. At this highest point, mobility restrictions and containment measures caused an 85% demand reduction at the service stations. As of today, the combined reduction for gasoline and diesel is around 49%, improving since the restart of the industrial activity on April 13. Portugal and Italy experienced similar reductions, while the impact in Mexico was lower at around 40%. Demand for kerosene has collapsed by more than 95% due to the lower domestic consumption and nonexistent international market for this product.

On the other hand, demand for heating gas oil and LPG has increased due to the stockage by distributors and higher residential consumption, due to the confinement. The global European demand has led to the temporary closure of refineries around the globe, including Europe. Repsol's Tier 1 refining system allow us to withstand these challenges and maintain reasonable run rates in our refineries. We are adjusting our refinings team to balance production with our sales and storage capacity. Utilization of distillation and conversion capacity in April has been close to 80% -- both figures, I mean, distillation and conversion, adjusted to the reduction of domestic demand, especially gasoline, diesel and jet.

We have also reduced to a minimum, the kerosene production in our refineries, with only a small output now from Tarragona and Puertollano to cover this tiny domestic demand. Although with a high degree of volatility, the fall in the oil price is supporting margins so far in the second quarter. And the refining margin indicator has averaged more than $5 in April. And let me add that 80% of our June production and 90% of our May production is already committed.

In the Chemicals business. The changes in our [refinings team] and evolution and volatility of prices require us to maintain feedstock flexibility in our crackers that we are currently feeding with NAFTA. The gradual recovery of the Chinese economy is being largely offset by the closing of other important markets. However, margins in the Chemicals business, I mean, are solid. Demand is at good levels. And we are also being able to export some ethylene. All these put together is allowing us to run crackers at almost full capacity, increasing the utilization of propylene oxide and styrene units from 65% in April, mainly due to the lack of market for polyols and polyurethanes in the automotive sector to 85% nowadays.

In the Commercial business. The impact of fuel demand contraction has been higher in urban sites and in those located on main roads. Sales in the convenience stores in our stations have been affected, too, although urban stores have remained more resilient. The newest scenario -- also, let me add, has brought up different initiatives such as the collaboration with Deliveroo, at-home delivery company, and other formulas like call-and-collect initiatives to facilitate the supply of basic shopping basket products from our service stations. This is another small [pillar] of our customer-centric driven view.

In Wholesale. Demand dropped, up to 40% with lower demand for mobility, while Industrial and Agricultural consumption remains at almost normal levels. In Gas & Power, the number of clients has remained stable since the implementation of the state of alarm as a result of the temporary suspension of active sales due to the coronavirus. Since last week, we are resuming sales operations, and we start growing again. Power & Gas demand in Spain have decreased by around 15% and 20%, respectively, since mid-March, mainly on the Industrial side, with some increases in the Residential segment.

Let's go now to the Upstream unit. Our exploration and production activities are on course to adapt to the current situation, minimizing physical presence and applying the adequate protocols to protect the continuity of the operations. We have reduced to a minimum of operated activity, limiting investments and reducing activity to essential. We are now postponing as much exploratory activity as possible and seizing noncontracted production in countries where current prices don't cover our variable costs.

Gas production has been affected by lower demand in Algeria, Bolivia, Peru, Indonesia and Malaysia. Total hydrocarbon production in April has averaged around 650,000 barrels of oil equivalent per day, with 0 production coming from Libya, where operations remain interrupted since January due to force majeure. Development activity in our projects has been impacted as well by constraints and work plan optimization in Norway.

The startup of IME expected in October may be postponed due to workforce restrictions in the yards. Progress in Acacías in Colombia and in nonoperated projects in Trinidad and Tobago has been halted. In Indonesia, the drilling of the appraisal of Sakakemang is experiencing some delays, too. In North America, drilling in unconventional has been stopped. The development of Alaska is currently on hold, and the final investment decision will not be taken in 2020.

At this point, let me now discuss the Resilience Plan adopted by Repsol for 2020. Firstly, considering the demand in macroeconomic scenario to the end of the year, we have lowered our price deck for 2020, factoring in an average Brent price of $35 for the period April to December. That means $40 for the whole year as average; and $1.80, Henry Hub.

Our Resilience Plan contemplates the implementation of a number of initiatives that will allow us to deliver EUR 2.2 billion of additional savings compared to our initial budget for the year. This includes reduction of more than EUR 350 million in OpEx. Today, we are close to the figure of EUR 400 million, and more than EUR 1 billion in CapEx, together with working capital optimizations of around EUR 800 million.

To achieve this 26% CapEx reduction, we will leverage on the flexibility of our portfolio, which allow us to take swift investment decision based on various business scenarios. Roughly 60% of this CapEx cut corresponds to the Upstream division. Our liquidity position has been further levering force with the recent issuance of 2 senior bonds for EUR 1.5 billion, by increasing the committed credit lines in more than EUR 1.3 billion.

Repsol's robust credit position is supported by the recent announcement by Standard & Poor's and Fitch that confirmed the company's BBB credit rating with an stable outlook. Moody's downgraded its rating to Baa2 with a negative outlook, but remains still 2 notches above investment grade.

All in all, Repsol has committed one of the most ambitious resilience plans in the industry in terms of the cash generated in 2020. Even in this challenging environment, we will be able to cover investments, interest and committed shareholder remuneration, without increasing our net debt in 2020.

In this context, our revised outlook for 2020 expects an average production of around 650,000 barrels of oil equivalent per day or 630,000 barrels, without Libya for the full year, and a prudent average refining margin indicator of $4. I say prudent because today, the average of the year is at around $4.90 as average until today. The shareholder remuneration commitment for 2020 will be maintained. The already planned remuneration schedule for July will be EUR 0.55 per share to be made effective through our scrip dividend. Moreover, the company plans to reduce the total number of issued shares to avoid any kind of dilution for our shareholders.

Before moving into the conclusions, let me comment briefly on how Repsol has put all the resources at its disposal to help society in the current situation. Since the start of the pandemic, Repsol has been able to maintain under operation all these plants, infrastructures and essential services, ensuring the availability -- sorry, of critical products and services. Repsol, as a company, has been collaborating at an institutional level with government institutions to work in some regulatory and operative aspects of the fight against the health, social and economic crisis we are experiencing.

Collaboration has been fluid and positive with all the administrations of all the geographies in which we operate. In addition, Repsol has put its industrial and technological capacity, and the capillarity of its service station network, at the service of the fight against the coronavirus, in coordination with the authorities, especially in Spain, Portugal, Peru and Mexico.

The outbreak of the crisis demonstrated immediate needs for more personal protective requirement. Repsol took several initiatives from donating masks to the Spanish public health system, to donating petrochemical products to produce protective equipment. We also adapted our producing capacity of Repsol's technology labs to produce sanitation hydrogel that has been donated to hospitals. Outside of Spain, different donations have been carried out in a number of countries to support the necessary provision of protective equipment and health care services.

To conclude. Repsol is withstanding the current environment, supported on the strength of its integrated model. We have been able to reduce our CapEx, leverage on portfolio flexibility, without compromising our capacity to develop future projects. In particular, the high CapEx flexibility of our Upstream allow us to prioritize value over volume, adapting to any scenario. Repsol has renewed leadership to navigate through downcycles. And today, the company is in a better financial position than in previous price downturns. We have, let me say, a unique track record of having generated a positive organic free cash flow every year since the previous price slump of 2014.

In Repsol, we are united by a common culture of disciplined flexibility and cooperation that will allow us to succeed in the phase of events like this, like we have done in the past. We have in place a top-tier self-financed Resilience Plan with savings of EUR 2.2 billion in 2020. This plan will form the basis of our road map for the coming months, allowing us to finish the year without increasing our net debt in a very complex and volatile environment that nobody could anticipate 3 months ago.

Repsol is building a sustainable multi-energy project, with that, reaffirm the carbonization strategy and an industry-leading dividend yield. We reiterate our commitment to lead the energy transition, in line with the Paris objectives and the United Nations' Sustainable

Development Goals. We maintain our target to reduce by 3%, our carbon intensity indicator for 2020 compared to 2016, to significantly increase our renewable power generation capacity and to reduce CO2 emissions across all our businesses.

Looking forward, the company's already working on a plan to return to normal conditions that will take place in phases, always preserving the health, the health and safety of our stakeholders, and in accordance to the framework defined by authorities. And given the extraordinary volatility and market uncertainty, we have postponed, the presentation of our 2020 to 2025 Strategy Plan, originally planned to be released today, May 5, until the social and business outlook becomes clearer.

This crisis is going to bring about changes in the way that we think and work, and it makes me proud to see how Repsol has been able to adjust its operation to this scenario. This must serve to speed up our transformation as a company so that we will always be prepared for the unexpected.

With that, I'll now hand the call back to Ramón, who will lead us through a question-and-answer session with you. Thank you very much.

QUESTIONS AND ANSWERS

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

Thank you very much, Josu Jon. In case you run into technical problems, please contact us through our e-mail address, investorrelations@repsol.com, and we will contact you immediately to try to solve it.

Before moving on the Q&A session, I'd like the operator to remind us of the process to ask a question. Please go ahead.

Operator

(Operator Instructions)

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

Thank you, operator. Let me now move to the Q&A session. Our first question comes from Michele Della Vigna at Goldman Sachs.

Michele Della Vigna ***Goldman Sachs Group Inc., Research Division - Co-Head of European Equity Research & MD***

A solid set of results in difficult circumstances. I had 2 questions, if I may. The first one relates to your Commercial businesses in these unprecedented times for the second quarter with the fall in volumes. But on the other side also, cheaper crude oil feedstock. I was wondering how should we think about the profitability of that business in these unique times?

And secondly, referring to your OpEx and CapEx cuts. I was wondering how much of that do you believe you could retain even in a recovery? And if you could give us a bit more detail on the main areas where you achieved these cost savings?

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

Thank you, Michele. I hope that you and your relatives and all of you, of course, will be safe and well. I mean going to a Commercial business, what we are experiencing this April has been really, let me say, a dramatic situation in the market in Spain. The drop in the first half of the month goes at around 75%. The second half of April, after the industry and construction and some other sectors start the normal activity, was at around 65% more or less. What we are seeing in May, I mean these first days of May, what we have seen is at around 49% of drop.

I mean it's very difficult, and I'm sorry if I'm not able to give you many guidances today because what we are seeing and experiencing is really new. It's hard and we don't know how it's going to evolve. But I mean it seems to me that the drop is going to be something in between 45%, 50% in May and something around 25% in June. That is what I expect today for Spain, with all -- and Portugal and Italy. I mean Spain, Portugal and Italy, perhaps Portugal, a bit better, but we are following more or less the same path.

So in June, with these figures, I'm anticipating in a clear way, our Commercial business is going to be profitable. I mean I don't have the same -- let me say, the same conviction today to say that for May, but I could say that for June, with what we are seeing and what we are expecting.

Going further, I mean it's true that we are seeing a lot of changes in the market, Michele. And some of them perhaps will remain in the future, in the transport sector. We are seeing, for instance, the drop in the flying sector. And that is going to stay for a while, it seems to me, in the world. Home office is going to be encouraged, and that is going to impact in what is called the normal way of working for some activities. And that is going to impact mobility.

But in the contrary, I mean we are seeing some other behaviors, and we are seeing these behaviors today in Spain and analyzing what happened in China, 2, 3 months ago that perhaps will arise. At least, at the beginning of our way back to normality, we expect a decrease in the use of public transportation, an increase in personal one.

The car sharing is going to suffer because -- I mean not everybody want to go alone in a car, and that is going to boost some forms of mobility. We have to take into account, Michele, that the light transportation -- light vehicle is only 50% of Repsol commercial consumption. 50% is either heavy-duty or light-duty, 35%, 15%.

What is happening is increasing the need of transport to transport merchandises by road. That means that we could expect in the short-term, an increase in the size of the transport. And we are going to be all this phenomena in the U-Haul vehicle side. But I mean taking into account that in June, we are going to be still in the phasing out confinement process of Spain, 25% of decrease is the best guidance I could say you today. And it seems to me that in these figures, we are going to be profitable in this business in June.

Going to CapEx and OpEx today. The most accurate approach that I have, and I say the most accurate is because as you could imagine, Michele, we are trying to increase these figures day after day. Four weeks ago, we have the target of EUR 300 million to EUR 325 million in OpEx. Today, EUR 400 million is the figure we have as a target in OpEx because we have been able to explore ways to reduce cost.

[100] so 25% are, let me say, (inaudible) also affecting to the, let me say, a personal valuables and so on. And the rest, a half, EUR 150 million, comes from the Upstream side, EUR 70 million comes from the Industrial side, EUR 35 million is the Commercial area and EUR 50 million is Corporation. Going to the CapEx. The most accurate figure I have today is EUR 1 billion, and 65% of this EUR 1 billion comes from Upstream; a 20%, EUR 200 million, comes from the Industrial area; 10% from the Commercial one; and EUR 50 million, that means 5%, from the Corporate side.

So -- but as I said, we have dynamic figures, and we are going to do -- and I'm going to do all my best to increase this OpEx and CapEx figures because the most important target we have now for coming months is to fulfill these Resilience Plans, to guarantee that after paying our dividend to our shareholders, we are going to be able, in such a complex and difficult year, to maintain or reduce the debt level we have at the end of 2019 Thank you.

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

Thank you, Michele. Next question comes from Biraj Borkhataria, RBC.

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

Can you just give us some thoughts around the dividend and the balance sheet? You're obviously trading on double-digit dividend now as the market is clearly concerned about it. I understand 2020 will benefit from a working capital relief, but you might not have that option in 2021. So when you look at the balance sheet and the gearing today, how far are you willing to push that and increase that going forward?

And then the second question is on U.S. gas, actually. The outlook -- your outlook is actually, one of a few times, it's below the spot price. So I was wondering how you're thinking about activity there. Can you just remind us what your breakeven is in the U.S.? And is hedging an option at some point in order to lock-in margins, if you did want to increase activity?

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

Thank you, Biraj. Thank you for your questions. I mean going to the dividend. I'm going to be very clear about that. Shareholder remuneration is a priority for Repsol. And combining, as you said, financial presence and shareholder remuneration, all that based in the flexibility and robustness of our operation, is the road map we have as a company. So in a year like 2020, as you said, very difficult, challenging with a positive effect but a lot of one-shot negative effects. We are going to be able to pay our full dividend, not increasing our debt, or even as we expect reducing the debt level we had at the end of 2019.

And this action is giving you some clues about what we are going to do in the future. We'll have, of course, to analyze and to present a new strategic plan either in the last quarter of 2020 or the first quarter of 2021. We'll have to study and analyze all the metrics but be sure that shareholder remuneration, the framework of the financial currency, is going to be a priority for Repsol, also in 2021.

As you said, this year, we have had some positive effects but also a lot of negative effects, and we are weathering in this tough scenario, guaranteeing this balance between the financial prudency and the shareholder remuneration to be this one attractive.

Going to your second question. I mean in terms of -- sorry, could you repeat it because you were asking about the gas guidance in the Marcellus?

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

Yes. I'm thinking about U.S. gas prices. Actually, if you look at the forward curve are going up end of this year and into 2021. I'm just -- can you just remind us what your cash breakeven figure is? And are you considering -- or would you consider hedging prices in order to benefit, if you wanted to increase activity there at some point?

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

Biraj, I was fully focused on the dividend because that is, as I said before, a priority for the company. So going to the gas in North America. In the Marcellus, the figure I have in mind that -- of course, I'm going to check it, is that in cash breakeven terms, the breakeven we have for the Henry Hub is $1.5 per million of Btus, Henry Hub. So in cash terms, we are neutral in the Marcellus at these figures.

Going to new development. We estimate more or less today that $2 per million of Btus could be more or less the breakeven that could allow us to develop new wells or new areas in the Marcellus. But we have to take into account that -- I mean we are more or less hedging at 30% of the production, and we are taking advantage and experiencing of new opportunities. And we are, of course, trying to capture these opportunities for the future when we take in the market opportunities to hedge, guaranteeing the future production and profitability of our gas production in the Marcellus. Thank you.

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

Thank you, Biraj. Our next question comes from Oswald Clint at Bernstein.

Oswald C. Clint ***Sanford C. Bernstein & Co., LLC., Research Division - Senior Research Analyst***

Josu Jon, I hope you're well. Just another question around, this time, your credit rating. You talked about the stable outlook from some of the rating agencies. If I was to look at S&P, with your BBB, and I think they've lowered their oil price this year to below your price. But I think they take a bit of a 3-year view, where the outer years are higher oil prices. So my question is, should they come back and decrease 2021 or 2022 oil prices and maybe look to moving to a BBB- for you? I mean what implications or what changes would have to be made by Repsol just to have this confidence around the shareholder distribution, please?

And then secondly -- and apologies, I may have missed your earlier comments. I was curious around the Mexico discoveries. They look pretty sizable and obviously pretty material. Just in the context of the net-zero, the energy transition, do they still -- they fit in the portfolio? Or could they become divestment candidates at some stage, please?

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

Thank you, Oswald. And I also hope you and your relatives are safe and well. So going to your first question related to the rating agency. I mean, first of all, we have been in direct relation on task with them 4, 5 weeks ago. So the confirmation of the stable outlook from

Standard & Poor's and Fitch affirming our BBB rating and they changed to the equivalent from Moody, in this case, with a negative outlook, is very recent, has happened -- or happened 4, 5, 6 weeks ago. I want to remind you that we were able to weather in these tough waters 5 years ago. And at that time, the balance sheet and the situation of Repsol was clearly worse, and we were able to weather with the rating agencies in this situation.

And I have a clear view about that. First of all, we are going to do all our efforts to keep going this solid investment grade. I think that -- I mean, we are better prepared than some other companies because, perhaps, we are less dependent on the oil price. We are not perhaps, let me joke, the best alternative in the sector when the oil price is at $100 per barrel, but we are one of the best alternatives when we see low oil prices. And we have advantages like, I mean, the weight of our Downstream and so on that, in some way, could protect a bit more Repsol. In any way, we are going to do all our best combining this trend, target and objective of protecting the financial prudency of our company, but, at the same time, giving to our shareholders the attractive and right remuneration they deserve. And we have been very clear about that with the rating agencies, of course. And we are going to go on deepening in this Resilience Plan to guarantee this target in 2020. And as I said before, we have to see what will happen from 2021 on. We will have to check the strategic plan that is going to be presented to the market at the end of this year or the beginning of the next one. But then the shareholder remuneration of -- is going to be also a priority for us, but at the same time, keeping going and maintaining the solid investment grade for Repsol.

Going to Mexico, I mean, in terms of energy and the carbonization and so on, I mean, first of all, I'm going to rethink what I said in November, December when we presented our target about that. I mean in 2040, 40% of the energy basket in the world is going to still be oil and gas. So we are not going to exit the oil and gas sector. We are going to focus in some kind of projects, focus in meeting the needs the world has. We are going to go on increasing the carbon efficiency of the company. We are going to fulfill tough targets in terms of the reduction of carbon intensity. We are going to fulfill this year the 3%. We are going to -- and I anticipate the target of the 10% reduction by 2025 and the 20% by 2030, but it doesn't mean that we are going to exit the oil sector. It's true that we are focusing the exploration in the areas we defined before. And as we said before, the Gulf of Mexico is there. So our target and our aim is to go on in Mexico to develop these projects. You know that, I mean, we love Mexico because Mexico is a country that for -- I mean for Spanish people in terms of -- we have a lot of links with this country. We are in the service station business there. We enter in the lubricants sector, thanks to the JV with Bardahl. We have our chemical plants in Mexico and been involved in the oil production of Mexico -- I mean, for Repsol, it's really important. So we are going to work there, and we are going to develop these projects. And all that is perfectly compatible with the carbon intensity reduction targets we defined, and we are going to fulfill. Thank you, Oswald.

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

Thank you, Oswald. Next question comes from Alwyn Thomas at Exane BNP.

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

Alwyn?

Alwyn Thomas ***Exane BNP Paribas, Research Division - Analyst of Oil and Gas***

Sorry, I was on mute. I think you'll be good in this by now that -- Sorry. Firstly, I'd like to focus my first question on the working capital optimization that you're targeting of around EUR 800 million. Given the roughly EUR 800 million negative effect you experienced in 1Q, can you tell me what you mean by working capital optimizations for the rest of the year? And I guess, is that a net positive EUR 800 million? Or is it just recapturing what you lost in the first quarter? And perhaps, how are you going to achieve that?

And then I think I'll focus my second question just on the production guidance. Obviously, there's quite material effects coming in there. How much -- are you including expectations for globally coordinated production cuts and OPEC cuts within that number? And given the cuts to investment that you're making, are you able to give us a rough guide on where you would expect production in 2021 and onwards?

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

Thank you, Alwyn. I mean, in figures, when I'm talking about working capital optimization means that this EUR 350 million reduction of working capital we experienced in the first quarter, so we are going to reduce EUR 500 million more before the end of the year our working capital. So that at the end of the year, we are going to have EUR 850 million -- EUR 800 million of working capital less that we had at the beginning of the year. And all that is going to be a combination of a series of factors. One of them, of course, is going to be price. Other one is that in all our industrial plants, we are analyzing all the volumes we need to operate in the right way, not only oil products, also all the intermediate products we have among the different plants. And we are going to optimize these volumes. It's not the first experience in the company to -- doing that because I remember that in 2012, 2013, when we suffered a disproportion of YPF, at that time, I remember, I was leading the refining business and the chemical business, and we developed a strong effort to reduce, in a structural way, the volumes, optimizing our operation. And now, I mean, we have digital tools. We have a better knowledge of our assets. We have more flexibility than then. And we are going to be able to reduce these structural volumes, and we are going to analyze that. And of course, the third kind of actions is all the game, let me use this perhaps not very right term, of relationship of payables and receivables in the commercial relations we have with our suppliers and our clients. So all that, all in all, we have actions that could have some addition of more or less EUR 1 billion. I mean, we have risked all these actions in order to have an accurate figure to have a target. And when we talked about EUR 800 million, we talk of these actions without price effect. And to this figure of EUR 800 million, we have to add, of course, the price effect that, in case of seeing, let me say, the 30s or the 40s in the oil price, could help us in this effort.

Going to the production guidance. Are we including, you asked me, the global coordination cuts? Yes. I mean all that is going to affect, it seems to me, in Algeria and in Norway, where governments are -- were asked to reduce the production, I mean, in the case of Repsol, we are talking, all in all, 4,000, 5,000 barrels per day, combining these 2 countries. But the main effort is -- not effort in this case, I mean, the main actions are going to be, first of all, what we are doing in terms of optimizing the cash of the company. And we are reducing or cutting production in Canada, Chauvin and Duvernay, the oil. Together with our friends and partners and operators of Ecopetrol, we are doing that in Akacias in the CPO-9 and also in Baskin in the Gulf of Mexico, where, for some days, weeks, the cost -- the variable cost has been higher than the revenues of -- coming from this asset. And we are also seeing some reductions that are going to come from the gas demand, mainly in Indonesia, Malaysia, Algeria and so on. So we are not going to give any kind of guidance about production for 2021 because, I mean, all that is going to depend on the strategic plan, the price and so on. And what we are doing now, I mean, is flexible, and we could recover as far as the price could be better. So we have not taken, let me say, decisions forever. We are simply reacting to the price environment, trying to maximize the cash of the company.

Remember, Alwyn, that -- I mean, some quarters ago and over the last 2, 3 quarters, I have repeat this statement of -- for me, the most important thing is cash, not production. You could imagine that seeing growth we are seeing in the market, I mean, I underline and I stress this statement. And today, all our focus, all our obsession, let me use the term, is going to be cash and is not going to be, at all, any kind of guidance on production. I mean if I have to cut tomorrow production to preserve the cash of the company, to guarantee that we are going to fulfill the Resilience Plan, and at the same time, guaranteeing the shareholder retribution and the financial currency of the company, I mean, I'm going to do it. Thank you.

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

Thank you, Alwyn. Our next question comes from Lydia Rainforth at Barclays.

Lydia Rose Emma Rainforth ***Barclays Bank PLC, Research Division - Director & Equity Analyst***

And just a thank you for all the work that Repsol has done around the COVID-19 response. Two questions, if I could. The first -- I'm just picking up on something that Oswald was asking earlier, do you think that the risk/reward profile between Upstream and Downstream investment in the Low Carbon businesses has changed as a result of the volatility that we've seen? Or effectively, do you actually think about accelerating the energy transition CapEx that you were thinking about?

And then the second question, again, just go back to the new reporting structure, that is obviously designed for a future Repsol. And so is the way that you expect those businesses to operate going to change going forward? So essentially, just the commercial business and how you run that becomes different to what it was when it was part of the Downstream business?

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

Thank you, Lydia, and thank you for your questions. I mean, I think that your thought is really interesting. What is going to happen with the energy transition after this coronavirus crisis? I mean, I think that the pathway we were experiencing in terms of the carbonization is going to go on. I don't have any doubt about that. I mean we are very proud of being an oil and gas company, but we see that the world is going to go on reducing the CO2 footprint and promoting and boosting the energy diversification. And Repsol is going to be a player in this game. So we are going to go on with our targets of energy transition. We are going to reduce the carbon intensity of the company.

And I mean, you also said that in some way, doing that, we are starting to change the risk profile of the company. That is true. I mean, let me say that we have to go on in this pathway because that is not going to be very evident at the very beginning of the road map. But I think that, that has to be the real target we have to have for the future. And in some way, what we are doing with the new reporting is giving you some clues in that direction, as you mentioned, Lydia. What we are doing is putting the businesses that they have a low cost of capital, the commercial one and renewables together, because they have, let me say, in capital cost terms, a logic to do that. And on top of that, we are putting this customer-centric view also very clearly expressed in the businesses of Repsol. I mean what I want to say to the market is that in -- I mean, over the last 4, 5 years, we have a business that is customer-centric, that has cash -- an EBITDA at around EUR 1 billion year after year, that is growing, that is going to grow in the future, and at the same time, is going to be able to feed what is -- the energy transition in the company in the new businesses linked to the renewables sector. So we are putting that. Be sure that all that is going to have -- not today because, I mean, in the midst of a storm, we are not going to start changing organizations and so on. But in the strategic plan, all that is going to appear in a more clear way. And in some way, we are showing this view of Repsol of going on, building a clear position in the energy transition as an energy company. So you are right. Thank you.

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

Thank you, Lydia. Next question comes from Mehdi Ennebati at Bank of America.

Mehdi Ennebati ***BofA Merrill Lynch, Research Division - Research Analyst***

I will ask 2 questions, please. The first one regarding the scrip dividend. So you said that if the Brent averages $35 per barrel from April to the end of the year, your net debt level will remain unchanged, including the buyback of the scrip dividend. Now the Brent is currently slightly lower than $35, and who knows if it will remain below that level in the coming months. So the question is pretty simple. What is your level of commitment to buy back the scrip dividend if the Brent remains at the current level or slightly below for the rest of the year?

And the second question, on the refining, please. So you told us that currently, your utilization rate in Spain is around 80%. And that in April, your refining margins were more than $5 per barrel. Can you tell us more, please, about the premium? Have you been able to benefit from crude oil price differential opportunity in April? And did you see or do you see any significant change with that premium following the OPEC decision to lower its production, meaning that there should be much less heavy crude oil in the market in the coming months?

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

Thank you, Mehdi. Going through the scrip, I mean, even at these oil prices or lower oil prices, I mean, we are going to buy back the new shares issuing to pay the dividend -- the scrip dividend of this year of July. I'm going to say more. We have today EUR 98 million of shares in our hands. If you take the -- more or less, I mean, it's a framework of calculation. Even at $8.59 -- EUR 8.59 per share and an acceptance of 75% more or less of the scrip, I mean, we will need EUR 104 million, EUR 105 million, EUR 106 million. I mean I'll have to make the calculation, but, roughly speaking, I mean, my message is we have the shares we need to fulfill this commitment and we are going to do that, Mehdi. No doubt about that.

Going to the refining margin. I mean the premium in the first quarter was $0.20 per barrel. I think that in April, it's going to be a bit lower. But because, as you said, because the Spanish demand has been very low in April, I mean, the export of products has been higher, and I mean, we are, in some cases, losing the FOB/CIF differential between -- the difference between export and having the internal market. And for that reason, it seems to me that we are going to suffer a bit more in the second quarter in terms of not being able to have, let me say, the premiums we had in the past. But the figure we have in the first quarter is EUR 0.2 million, it seems to me that in April is going to be slightly lower.

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

Thank you. Our next question comes from Irene Himona at Societe Generale.

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

My first question is if you can please remind us of your 2020 EBITDA guidance in the new scenario. My second question is if you can talk a little bit about Eagle Ford, where you made the acquisition from Equinor last December. What's going on at that asset? Are you producing, et cetera?

And final question, on the increase in your OpEx today to EUR 400 million. Back in -- with the full year results, you told us that you were roughly 80% towards your cost-cutting objective from digitalization. Can we presume that those benefits from digitalization are being accelerated? And therefore, is that part of the reason for increasing the OpEx cuts?

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

Thank you, Irene, and thank you for your questions. I mean -- I know that perhaps it's not -- I'm going to go against, I always used to do. But I'm not going to give you today guidances about EBITDAs, cash flows and so on because, I mean, I don't have any clue about what is going to be the price of the oil over the year, what is going to be the price of the gas. And because we are in the middle of the storm, my only guidance, and more than guidance, is some kind of commitment, is that even in this tough scenario of $35 per barrel from now on -- and let me say, even in a lower oil price in the 30s, we are going to be able applying the resiliency plan we have in our hands to maintain or reduce the debt level we have at the end of 2019. So I'm sorry, but I'm not going to give you guidances of EBITDAs today. Perhaps next quarter, we will have more clues. But today, I mean, we are in the midst of the storm. That's -- I mean, we have, let me say, a lack of clarification about how things are going to go on, and I prefer to be prudent about that. I'm taking not as a guidance but as a reference the refining margin saying that, I mean, we could be able to be in the $4 per barrel, taking into account that as of today, we have an average of $4.9 per barrel. So being the $3.5 and so on, from now on to December, we are going to be there. And I'm comfortable saying that.

Going to the Eagle Ford, Irene. The situation in the asset is that in April, the first of April, we took over the operation of the whole asset from Equinor. And now we are fully involved launching a plan to cut and reduce cost. We are talking about a reduction of more than $24 million, $25 million of OpEx per year. We have a plan to do that. We are starting to apply this plan. And it seems to me that we are going to be able to fulfill this target. And of course, we are in a phase where we are not drilling. We are, of course, preserving the CapEx as in any asset in the Upstream today in Repsol.

And going to the digital. I mean my first reflection is we are taking advantage of being digital because, perhaps, we have suffered in Spain one of the worst or perhaps the worst evolution of the pandemic in the world. And we have been able to keep going all of our industrial and commercial activities in the country. And we have been able to do that, extending the home working or the teleworking, in our headquarters, 100% and so on and 70% of all the people not involved in turns in our industrial plants and so on because we were digital before. So what we are capturing today, it has been thanks to the effort that this company has developed over the last years digitalizing the company.

On top of that, we are going to focus and accelerate this program over the whole company. That is going to be a must. It was a must before, and it's going to be a must from now on. Saying that, I'm not going to hide you that we are going to see negative impacts in the cash coming and capturing from the digital this year. And I'm going to say why. Remember that I anticipated EUR 300 million of net cash or free cash coming from the digital this year in 2020. And it seems to me that we are going to be closer from the EUR 200 million than from the EUR 300 million. And I'm going to underline 2 reasons for that, Irene. The first one that -- what we defined as targets in the Upstream, are going to be lower because the prices are lower. So we are not going to be in the figures we anticipated before. And secondly, because in our industrial plants, over the last 8 weeks, our main priority has been to go on operating, the continuity of operations. So we have avoid any kind of interaction of suppliers, engineering companies, external people to the plants because, I mean, what we were suffering today, we are in a better situation. But I mean, in March, in April, we suffer about the possibility of -- because we have infected people in our operations, we have to respect the quarantine. We lack of the people sometimes to go on, operate in the plants. We reduced the turns from -- we increased from 8 hours to 12 hours in Cartagena, in Puertollano, in Bilbao. Today, fortunately, we are reversing the situation. We are going back to the 8 hours in Puertollano and Bilbao. In Cartagena, this week or next week, I think, that we are going to be there. So all that is over. But in the meantime, the main priority has been to go on operating and not, let me say, implanting new projects in our plants. And due to that, we are going to see some delay this year in some efficiencies, some digital projects and so on in our industrial plants. But after finishing this situation, be sure that we are going to put all our focus, and we are going to accelerate this kind of projects. Thank you, Irene.

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

Thank you, Irene. Next question comes from Matt Lofting at JP Morgan.

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

Just one left, if I could, please. And coming back to the relationship, let's say, between CapEx and CapEx reduction and production. I guess when we think about 2020 production, the outlook has changed quite substantially from the past when you originally had a sort of a circa 750,000 barrel a day production target, for this year, it came down to 700,000. We're now working with 650,000. So with that in mind, could you perhaps just provide a high-level breakdown of that journey in terms of how much you would attribute to, firstly, the effects of the CapEx reduction that you've put through Upstream; secondly, Repsol's economic decisions around production shut-ins; and then thirdly, perhaps the influence of OPEC+ production agreements? And then linked to those points, when you look forward, what do you think the impact could be of the lower Upstream spend on the Upstream business' underlying decline rate?

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

Thank you, Matt. I mean, of course, theoretically, there are always a relationship between CapEx and production. But let me say that what we are seeing and what we are going to see in 2020 is not because any kind of incidence of CapEx. I'm going to try to rationalize. First of all, if we compare with the figures we have in our strategic plan, we have 40,000 barrels per day coming from Libya. Libya is -- the shutdown of the operations for security reasons, I hope for the wellness of the country that this situation could be reversed in the close future. But today, I prefer to take this assumption. So 40,000 comes from Libya. If we compare with the strategic plan, 30,000 barrels per day comes from the gas of Cardon that you know that is not because the health of the asset, but it's because of the lack of demand and consumption Downstream from the plant in the electric sector in Venezuela. On top of that, what we are seeing today in terms of production cuts like Buckskin, like Norway, like Algeria, they don't come because we are lack of investment or we are investing less, but because the breakeven to go on operating. What we are seeing in Peru, in Malaysia and Indonesia, in Algeria, nothing to do with the lack of investment. It's because the gas demand in those countries. So perhaps the only place where we are suffering in production because the lack of investment is Canada, where perhaps we have today accepting the problem of Chauvin, where we are shooting down because the breakeven of the price, because the lack of investment in the gas in Greater Edson, perhaps, we are losing this year, more or less, roughly speaking, 10,000 barrels per day more or less. But all the rest, our CapEx cut is not impacting in this production we are suffering this year. That means that in some other conditions with some other prices in some other areas and with less restrictions, we could have, I mean, a recovery of the production of Repsol fully aligned with the expectations we had some months ago. Thank you, Matt.

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

Thank you, Matt. Next question comes from Thomas Adolff at Crédit Suisse.

Thomas Yoichi Adolff ***Crédit Suisse AG, Research Division - Head of European Oil & Gas Equity Research and Director***

Two questions, please. Just going back to the question earlier on the scrip dividend and how you said you would plan to use treasury shares to offset upcoming dilution. Just to clarify, are you saying that you will not buy back any new shares over the remainder of the year, but instead, you'll use the treasury shares on past buybacks to offset that dilution? So if that's the case, what is assumed in the Resilience Plan for the cash dividend burden in 2020?

Secondly, just correct me if I'm wrong. I think you said the refinery utilization rate is at around 80%, plus or minus. But you also talked about how demand is lower than that. So I was wondering where your products are going? Are they going to the export market or other refineries in Spain? Your competitors cutting back. Are you grabbing more market share? I just kind of wanted to put this 80% in context of the overall market.

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

Thomas, thank you for your question. I mean, perhaps, we will need, let me say, some more shares. It's going to depend on the price in June, July -- of the stock price of Repsol. But I mean, we have to add, let me say -- I mean, if we take, for instance -- I'd have to calculate this figure, but I think that taking the EUR 8.5 per share, then we are not far from this figure. And 75% of acceptance, perhaps we will need 6, 7 million shares. So we are talking about EUR 50 million. So I mean, it's not material. So what we need to add today is not material to guarantee that. And in any case, we will do that. So, no question about that.

Thomas Yoichi Adolff ***Crédit Suisse AG, Research Division - Head of European Oil & Gas Equity Research and Director***

So the cash dividend burden in 2020 then is only 25% of your dividend. Is that right? If you don't mind clarifying that. Because you're using old treasury shares from past buybacks, not future buybacks to essentially...

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

Yes. We are taking the EUR 350 million used in the first quarter. We are taking the cash needs we are going to have in July to pay to the people that is going to be paying cash, that we are estimating more or less, I mean, at 25%. But the figure could be different. So we will be at around EUR 150 million, EUR 200 million plus the additional shares we need to fulfill the buyback commitment of the scrip. All that is included in the resilience plan, Thomas.

And going to your second question. In April, we have been at around 80% of distillation utilization and 80% of the conversion. Today, this week, we are in the 72% more or less of distillation, 82%, 83% of the conversion use of our refineries. And more or less 40% of the diesel is export. 60% more or less is used -- or has been used in April, May and expectations we have for May, in June, the Spanish part is going to be larger. In April, May, 60% of the gas oil is going to be used in Spain. And this export of the 40% is going to be mainly down in the Western Mediterranean area. France, that is the main European diesel exporter and some other parts of the Mediterranean. The gas holdings, we shut down in April, the FCC of Coruna, in the northwest part of Spain. We have a low-yield production of -- in the FCCs of Bilbao, Petronor and Puertollano. We are minimizing the gasoline production because you know that the Spanish market in gasoline is our net exporter. We used to export our 30%, more or less, to Americas. So we have reduced these volumes. And we have been able -- because, I mean, at the end of March, one of the main concerns was how to cope with reducing the jet production not shutting down our plants. And we were able to shut down the ISOMAX, a hydrocracking process in Tarragona. And we have been able, in operational terms, to reduce almost to 0, except in Puertollano and Tarragona, to feed the Barcelona and Madrid short flying operations, the jet production. So today, I want to express perhaps, and let me, Thomas, because I think that you are the last question, is that, what I'm going to say is more qualitative than quantitative. We are still in the middle of this term, but we are overcoming what we have passed and experienced in the months of March and April. We have experienced a very difficult situation as a country, as a company in the whole society. And now we are starting to see, let me say, an exit to this situation. I don't have the clarity or the clue to say what is going to happen in coming months, but I have a clear perception that we are overcoming what we have experienced over the last weeks. Thank you.

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

Thank you, Thomas. Certainly, that was our last question. At this point, I'll bring our first quarter conference call to an end. Thank you for your attention, and we wish you all be safe.

Operator

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