



REPSOL

# WEBCAST – CONFERENCE CALL

## Third Quarter 2019 Results





# Disclaimer

ALL RIGHTS ARE RESERVED

© REPSOL, S.A. 2019

*The information included in this document is published pursuant to the provision of article 226 of the Spanish Securities Market Law. This document contains statements that Repsol believes constitute forward-looking statements which may include statements regarding the intent, belief, or current expectations of Repsol and its management, including statements with respect to trends affecting Repsol's financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volume and reserves, capital expenditures, costs savings, investments and dividend payout policies. These forward-looking statements may also include assumptions regarding future economic and other conditions, such as future crude oil and other prices, refining and marketing margins and exchange rates and are generally identified by the words "expects", "anticipates", "forecasts", "believes", "estimates", "notices" and similar expressions. These statements are not guarantees of future performance, prices, margins, exchange rates or other events and are subject to material risks, uncertainties, changes and other factors which may be beyond Repsol's control or may be difficult to predict. Within those risks are those factors described in the filings made by Repsol and its affiliates with the "Comisión Nacional del Mercado de Valores" in Spain and with any other supervisory authority of those markets where the securities issued by Repsol and/or its affiliates are listed.*

*Repsol does not undertake to publicly update or revise these forward-looking statements even if experience or future changes make it clear that the projected performance, conditions or events expressed or implied therein will not be realized.*

*This document mentions resources which do not constitute proved reserves and will be recognized as such when they comply with the formal conditions required by the system "SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System" (SPE-PRMS) (SPE – Society of Petroleum Engineers).*

*In October 2015, the European Securities Markets Authority (ESMA) published its Guidelines on Alternative Performance Measures (APMs). The guidelines apply to regulated information published on or after 3 July 2016. The information and breakdowns relative to the APMs used in this presentation are included in Appendix III "Alternative Performance Measures" of the interim condensed consolidated financial statements corresponding to the period ended 30th of September 2019 and Repsol's website.*

*This document does not constitute an offer or invitation to purchase or subscribe shares, pursuant to the provisions of the Royal Legislative Decree 4/2015 of the 23rd of October approving the recast text of the Spanish Securities Market Law and its implementing regulations. In addition, this document does not constitute an offer to purchase, sell, or exchange, neither a request for an offer of purchase, sale or exchange of securities in any other jurisdiction.*

*The information contained in the document has not been verified or revised by the External Auditors of Repsol.*

# Index

**01.** Key messages and operational highlights

**02.** Financial results

**03.** Outlook 2019

**04.** Conclusions

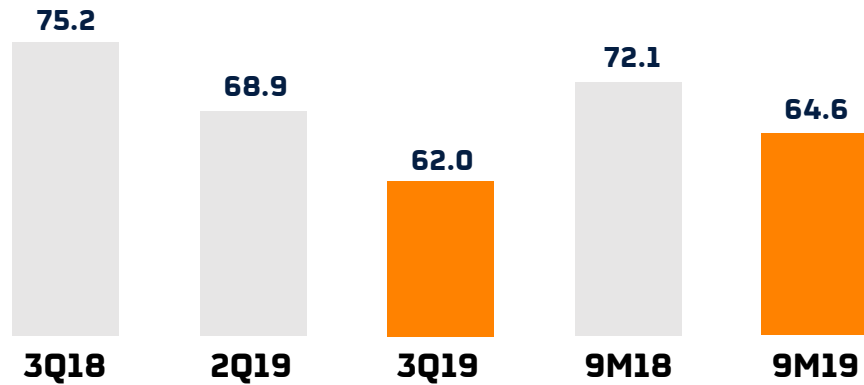


# Solid 3Q19 & 9M19 cash generation in a challenging scenario

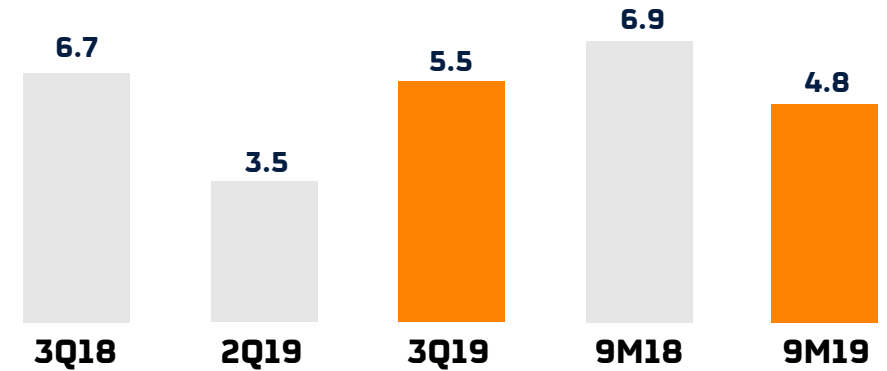
Key messages and operational highlights



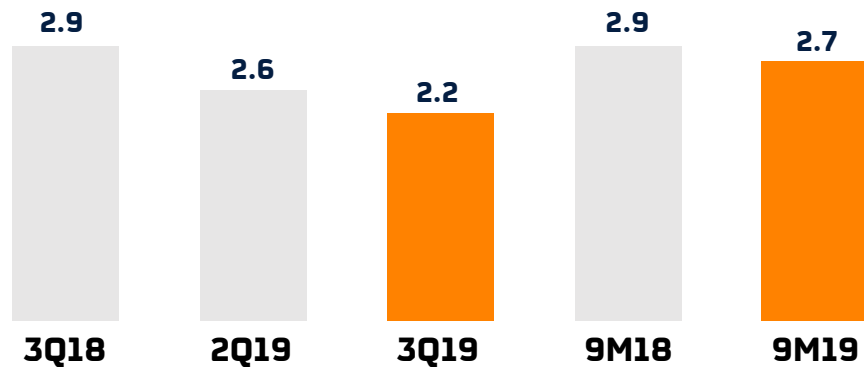
### Brent Price [USD/Bbl]



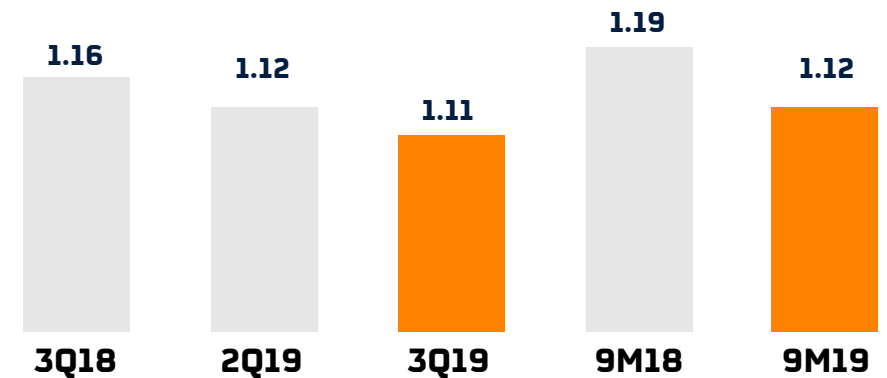
### Refining Margin Indicator [USD/Bbl]



### Henry Hub [USD/MBtu]



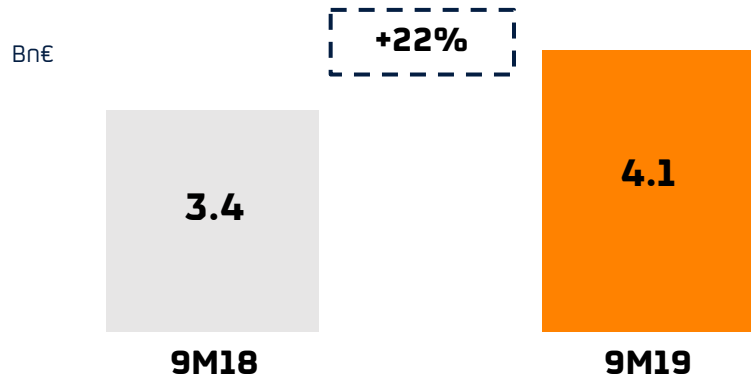
### Exchange rate [USD/€]



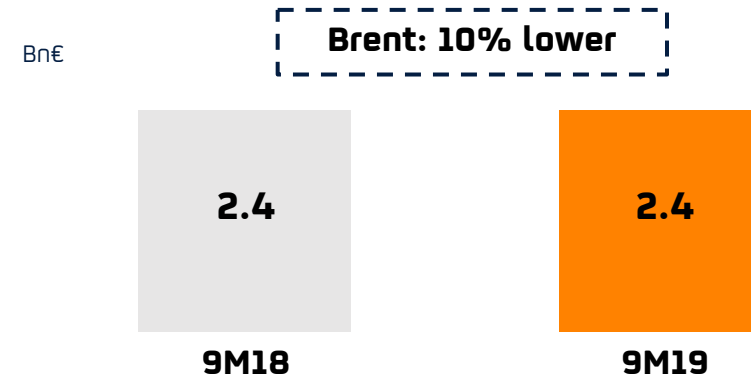
# Strong Operating Cash Flow delivery

Key messages and operational highlights

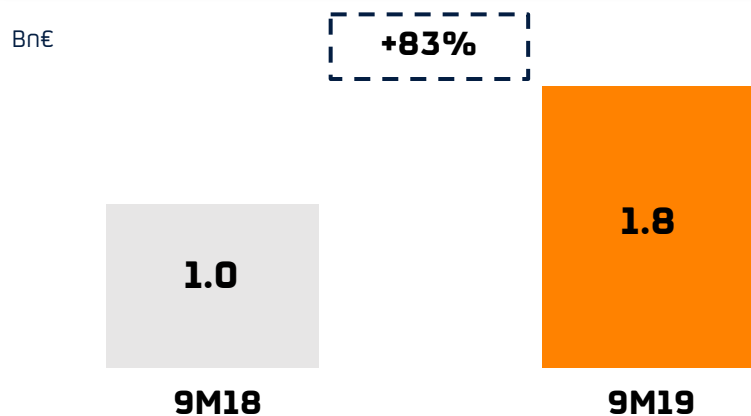
## OCF\* 22% higher year on year in a challenging scenario



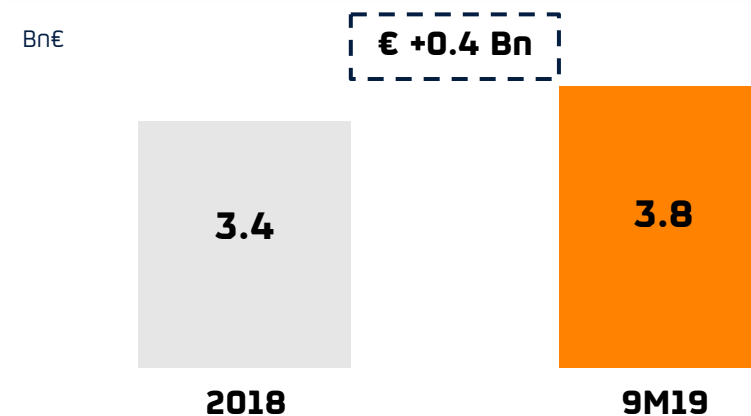
## Upstream: Value over volume. FCF BE <50\$/Bbl



## Downstream: OCF 83% higher year on year



## Net Debt: +€1.4 Bn impact from treasury shares



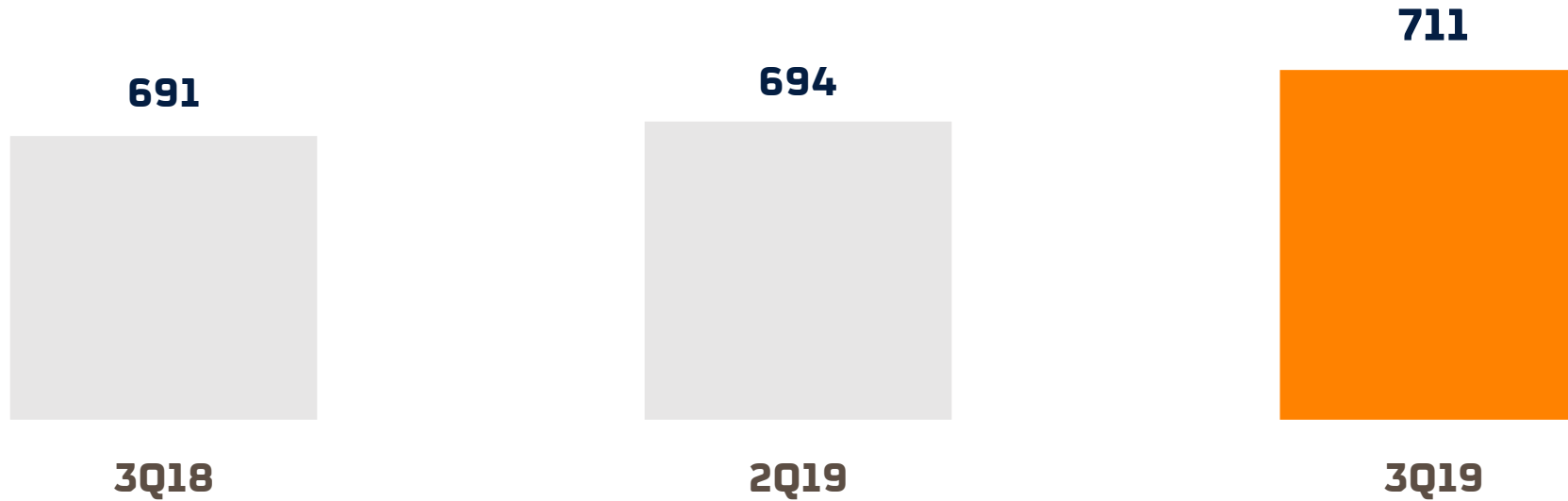
\* OCF: Operating Cash Flow

# Upstream production

Key messages and operational highlights



Kboed



## Q-o-Q increase in production

- Higher volumes in **Marcellus**
- **Buckskin** (GoM\*) producing for the full quarter
- Higher uptime in **Peru** and **T&T**

## Q-o-Q decrease in production

- Lower gas demand in **Venezuela**
- Modulating our development activity in **Canada**
- Activity in **Libya** affected by *force majeure* periods. Operations stable since August

\*GoM: Gulf of Mexico

# Development activity

Key messages and operational highlights



## Alaska [Pikka]

- Winter campaign already approved: 2 wells and a gravel lay program

## North America [Buckskin]

- Partners evaluating data from 2 wells. A third well could be drilled in 2020

## Indonesia [Sakakemang]

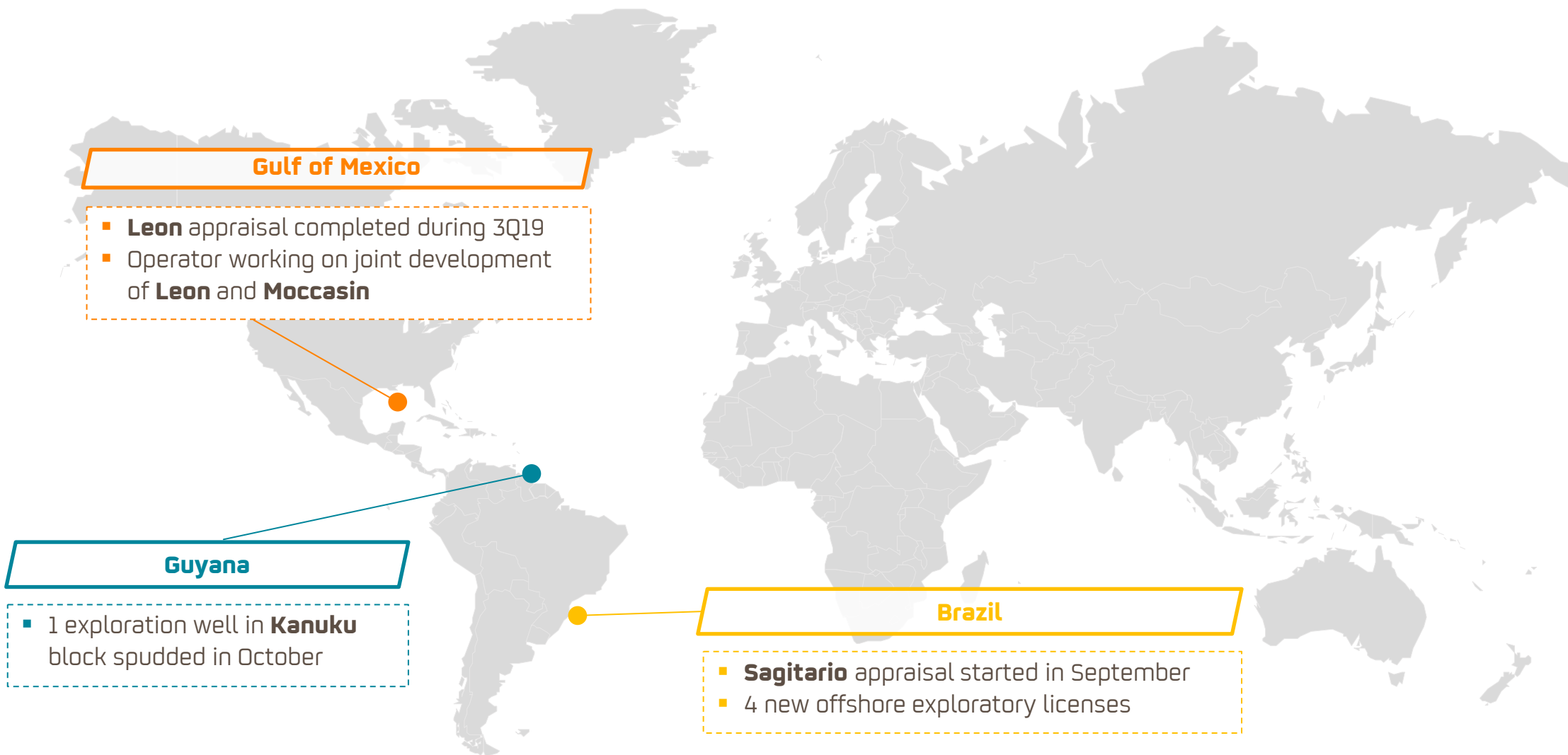
- Working on the final location of the **Kaliberau-Dalam** appraisal (2020E)
- Potential early development

## Malaysia [Kinabalu]

- The second phase of the **redevelopment** project was sanctioned in July

# Exploration activity

Key messages and operational highlights



## Gulf of Mexico

- **Leon** appraisal completed during 3Q19
- Operator working on joint development of **Leon** and **Moccasin**

## Guyana

- 1 exploration well in **Kanuku** block spudded in October

## Brazil

- **Sagitario** appraisal started in September
- 4 new offshore exploratory licenses



# Challenging Refining

Key messages and operational highlights



## Resilient Refining Margin Indicator

- Strong **middle distillate spreads**
- **Premium** of 0.80 \$/Bbl over Indicator
- **Turnaround** of Bilbao **completed**
- Started **turnaround** of Cartagena's hydrocracker

## Commercial businesses: Robust performance

- Opening of the most powerful **electric-vehicle charging station in Europe**
- **Lubricants** internationalization: acquisition of 40% of United Oil (Singapore)
- Mexico expansion:
  - **225** service stations operating
  - **310** contracts signed

## Chemicals: Results in line year-on-year

- 3Q19 sales affected by **seasonality and stock build-up**
- Slightly lower **international margins** compared to 2Q19

## Low Carbon: Objectives on track

- **Record levels of utilization** in our CCGT power plants
- Retail business: **~965 K clients**
- **3 new renewable projects** (+800 MW)
- **WindFloat Atlantic** started offshore installation [first floating wind farm in continental Europe]

# 3Q19 results: CCS Adjusted Net Income

Financial results

## Group

M€



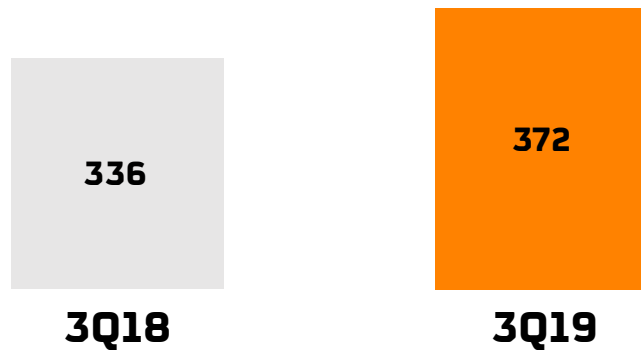
## Upstream

M€



## Downstream

M€



## Corporate & others

M€



# Guidance: On track to deliver €1 Bn of additional OCF in 2019

Outlook 2019



## FY2019 GUIDANCE

<b>Production</b>	~710 KBoed	<ul style="list-style-type: none"><li>• Prioritizing <b>value over volume</b>.</li><li>• ~730 Kboed production in October</li></ul>
<b>Ref. Margin Indicator</b>	~6 USD/Bbl	<ul style="list-style-type: none"><li>• Expected <b>IMO-led outperformance</b> in 4Q19</li><li>• <b>October</b> Refining Margin Indicator: ~8 \$/Bbl</li><li>• Turnaround of Puertollano will end the accelerated maintenance in 2019</li></ul>
<b>EBITDA CCS</b>	€7.5 Bn	<ul style="list-style-type: none"><li>• Upstream Division: <b>€4.5Bn</b></li><li>• Downstream Division: <b>€3.1Bn</b></li></ul>
<b>Organic Capex</b>	<€3.5 Bn	<ul style="list-style-type: none"><li>• Upstream Division: <b>€2.3Bn</b></li><li>• Downstream Division: <b>€1.2Bn</b></li></ul>



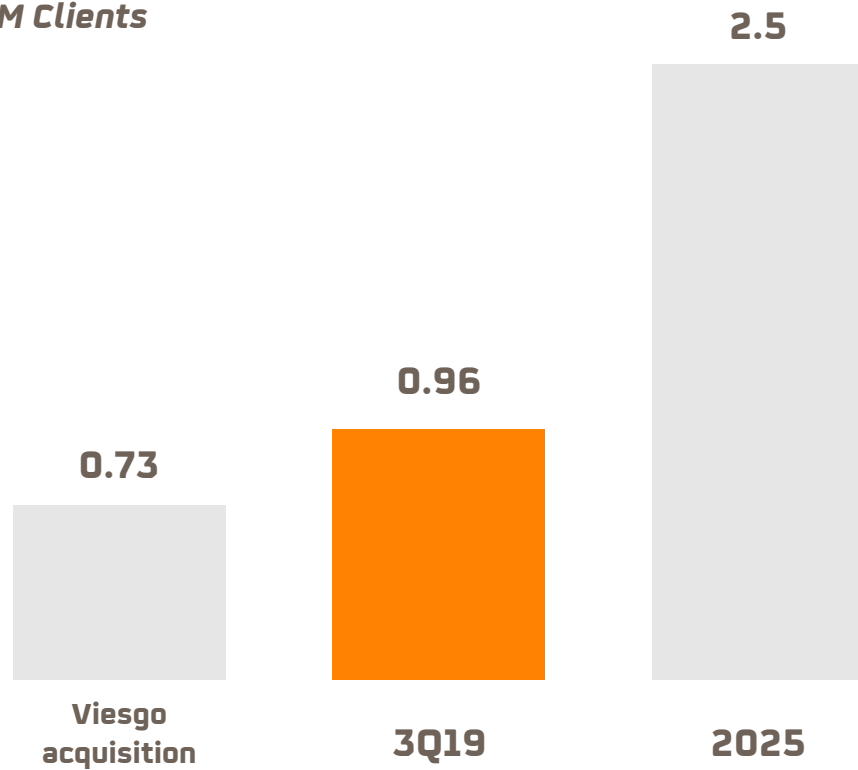
# Low Carbon Business

Outlook 2019



Approaching 1 million retail clients

M Clients



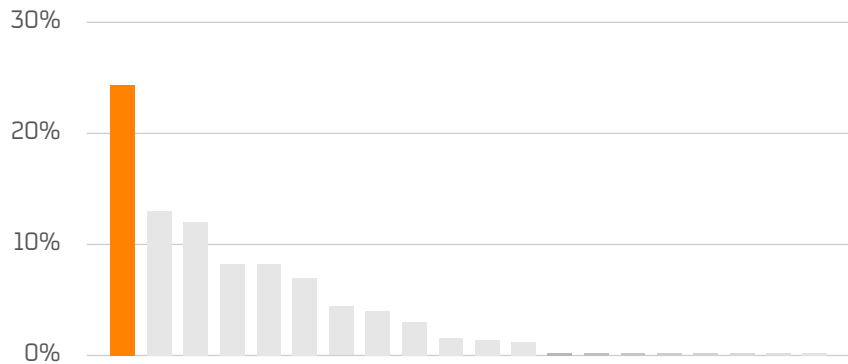
~90% power generation portfolio achieved



# IMO: Repsol's Spanish refining system perfectly positioned

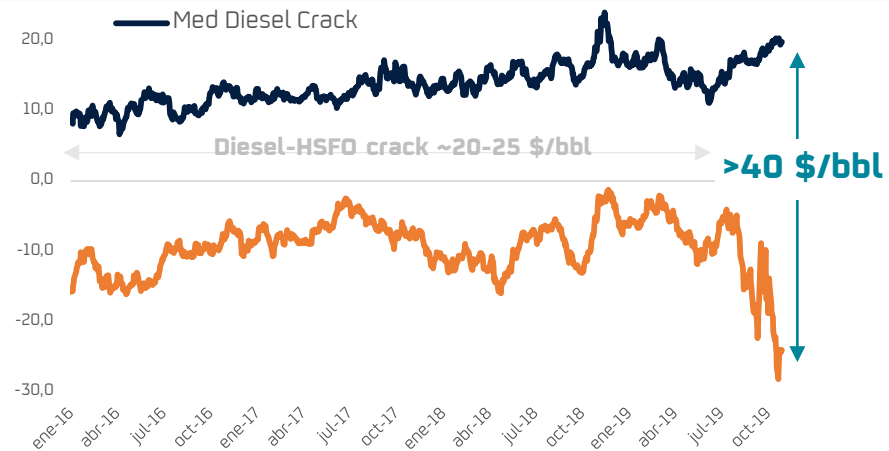
Outlook 2019

## Repsol: Top European player in conversion



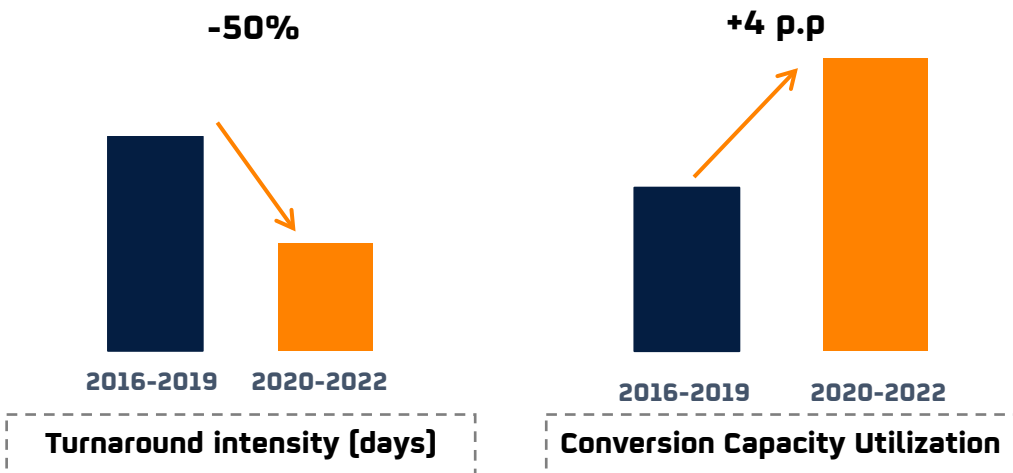
Source: Wood Mackenzie, Refinery Evaluation Model, 2018. Repsol figures, internal data

## Diesel-HSFO crack spread > 40\$/Bbl

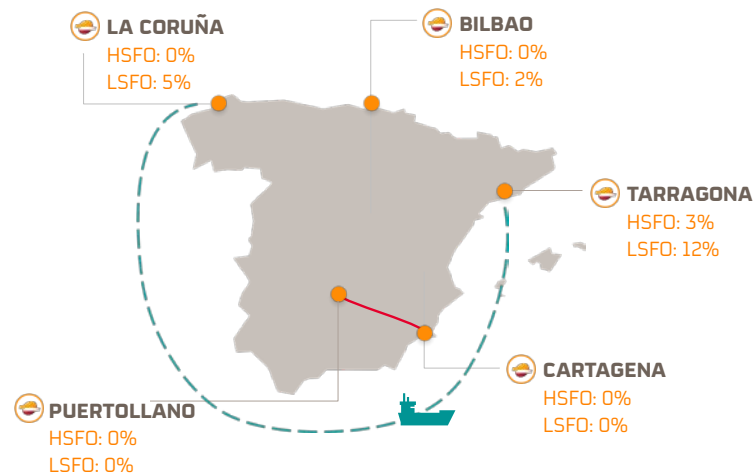


Source: Platts

## 2020-2022: Reduce turnarounds



## Refining in Spain can operate without producing HSFO



# On track to deliver 2020 strategic objectives

## Conclusions



### 1. Increasing shareholders returns



- **Removing dilution** associated to the **scrip dividend** and increasing our dividend in 2018 and 2019
- Proposal to 2020 AGM:
  - Shareholder remuneration to reach **1€/share**
  - Additional **5% share capital reduction**

### 2. Growing our portfolio profitability



- Strong **OCF generation**: on track to deliver 2019 objective
- Strength of Repsol's integrated model allows us to **navigate in a volatile macro environment**

### 3. Thriving in the energy transition



- Leading into a **less carbon intensive world**
- Become a global **multi-energy customer centric company**



### 4. Financial flexibility







**REPSOL**

# Third Quarter 2019 Results

**Repsol Investor Relations**

*[investorsrelations@repsol.com](mailto:investorsrelations@repsol.com)*

