



WEBCAST – CONFERENCE CALL

Repsol 4Q and full year 2019 results

REPSOL
On



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Focus on value and cash generation

Key Messages



Cash Flow growth in challenging macro scenario

- Operating Cash Flow (OCF) growth +8% year-on-year
- €5.8 Bn OCF more than covered capex, interests and shareholder remuneration (including full buy-back of the scrip)

Improved shareholder remuneration

- +5% dividend growth in 2019
- Additional +5% in 2020 to 1 €/share
- 5% capital reduction to be executed in 2020, subject to AGM approval

Post-tax impairment charge of €4.9 Bn

- New asset valuation hypothesis
- No impact in shareholder remuneration
- Affecting mainly gas producing assets in North America

Net zero emissions by 2050

- Alignment with the Paris Agreement
- Clear path of intermediate decarbonization targets (to 2025, 2030, 2040)
- Updated view on oil and gas prices aligned with current SDS^[1]



New Strategic Plan to 2025 to be released on May 5th 2020

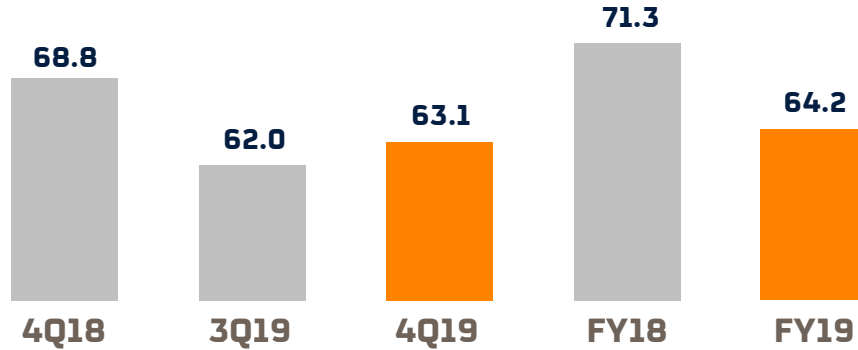
[1] Sustainable Development Scenarios of the International Energy Agency

Challenging macro environment

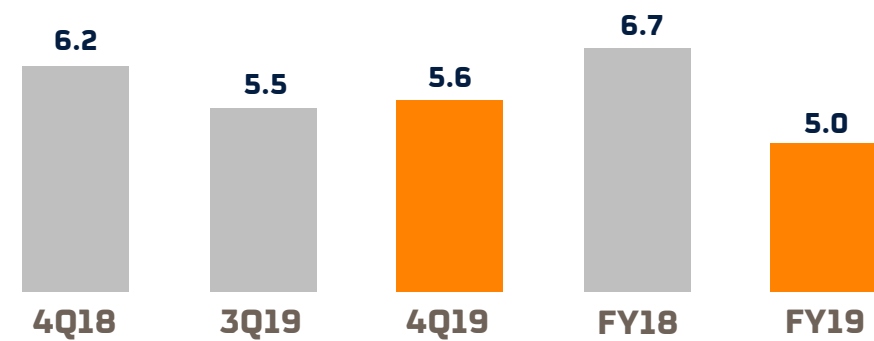
Key Messages



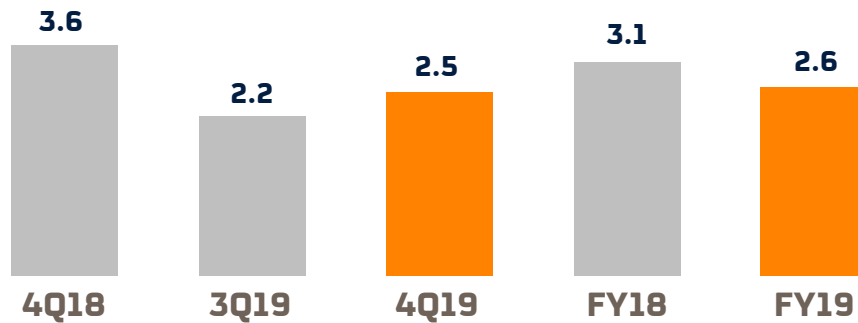
Brent Price [USD/Bbl]



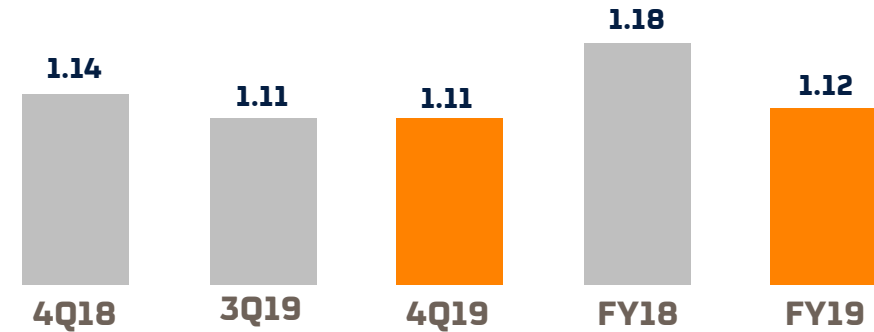
Refining Margin Indicator [USD/Bbl]



Henry Hub [USD/MBtu]



Exchange rate [USD/€]



Focus on capital discipline, higher contribution from efficiency and digitalization, safe and reliable operations

Net zero emissions by 2050

Key Messages



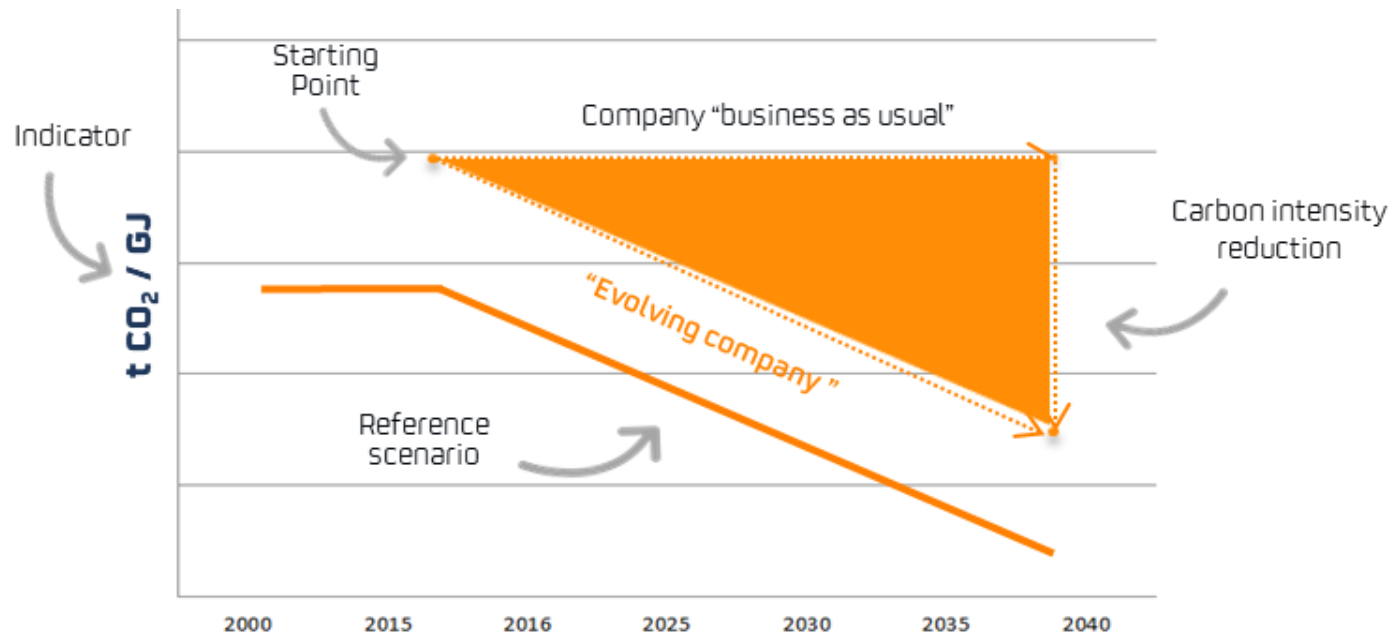
1st oil & gas company:

- ✓ to support the **Kyoto Protocol**
- ✓ to align with the **Paris Agreement**
- ✓ to assume **net zero emissions ambition by 2050**

Sustainability embedded in decision making

- **Management and Employees remuneration** linked to delivery of Sustainability targets

New path to reduce our carbon intensity indicator $t\text{CO}_2/\text{GJ}$ from a 2016 baseline [including scope 3^[1]]:



- ✓ 10% by 2025,
- ✓ 20% by 2030,
- ✓ 40% by 2040,
- ✓ and **net zero CO_2 emissions by 2050**

Main levers to mitigate risks

- Ratio Gas to Oil
- Energy Efficiency
- Methane emissions
- Flaring
- Chemicals
- Renewables
- e-fuels, e-H2
- Natural Sinks
- CCUS
- Biofuels
- Carbon Pricing

[1] Scope 3 related to Repsol's equity oil & gas production

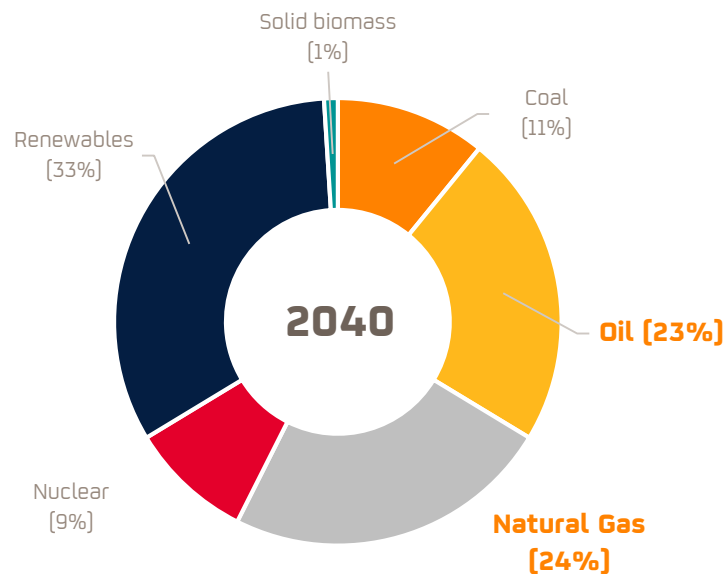
Implications for our businesses

Key Messages



Upstream

- **Sustained cash generator and portfolio improvement**
- Value over volume strategy
- Oil & gas relevant in future energy matrix



Source: International Energy Agency

Downstream

- **Refining:**
 - 1st quartile of returns
 - 25% direct emissions reduction in 2025
 - Double biofuel production from vegetable oils by 2030
- **Chemicals:** 20% recycled content in polyolefins by 2030
- **Retail:** Client-centric multi-energy strategy
- **Low Carbon generation:** 7.5 GW by 2025

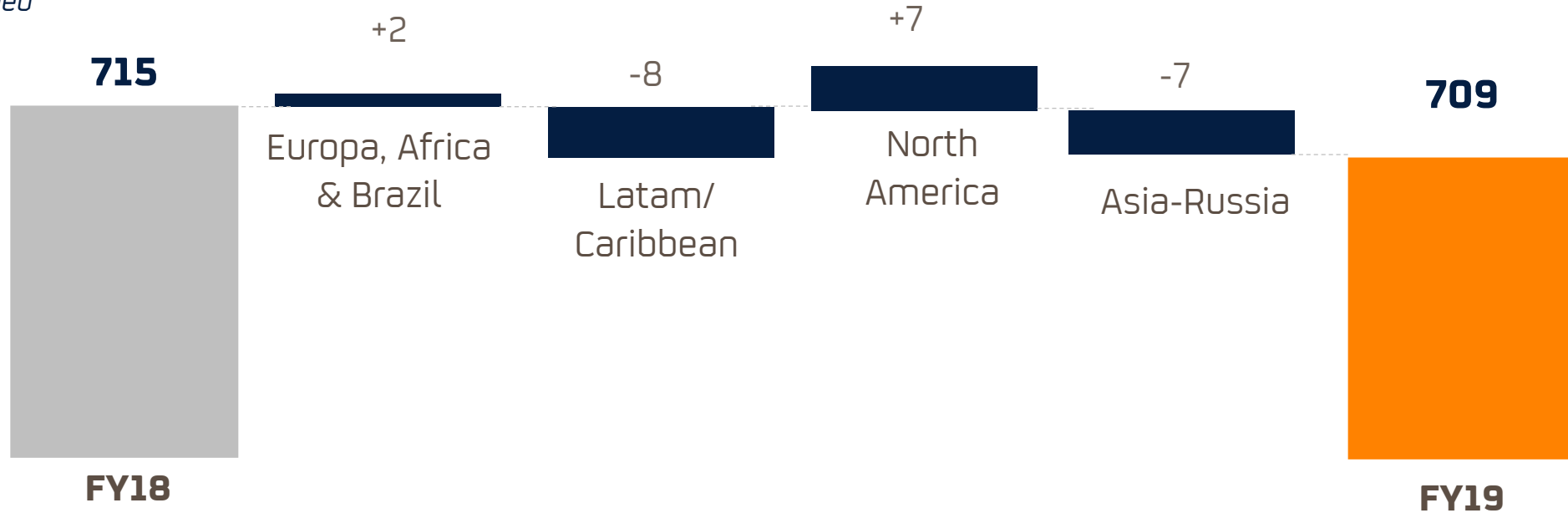
Investments to meet more stringent criteria compatible with decarbonization

Upstream production focused on value over volume

Operational Highlights



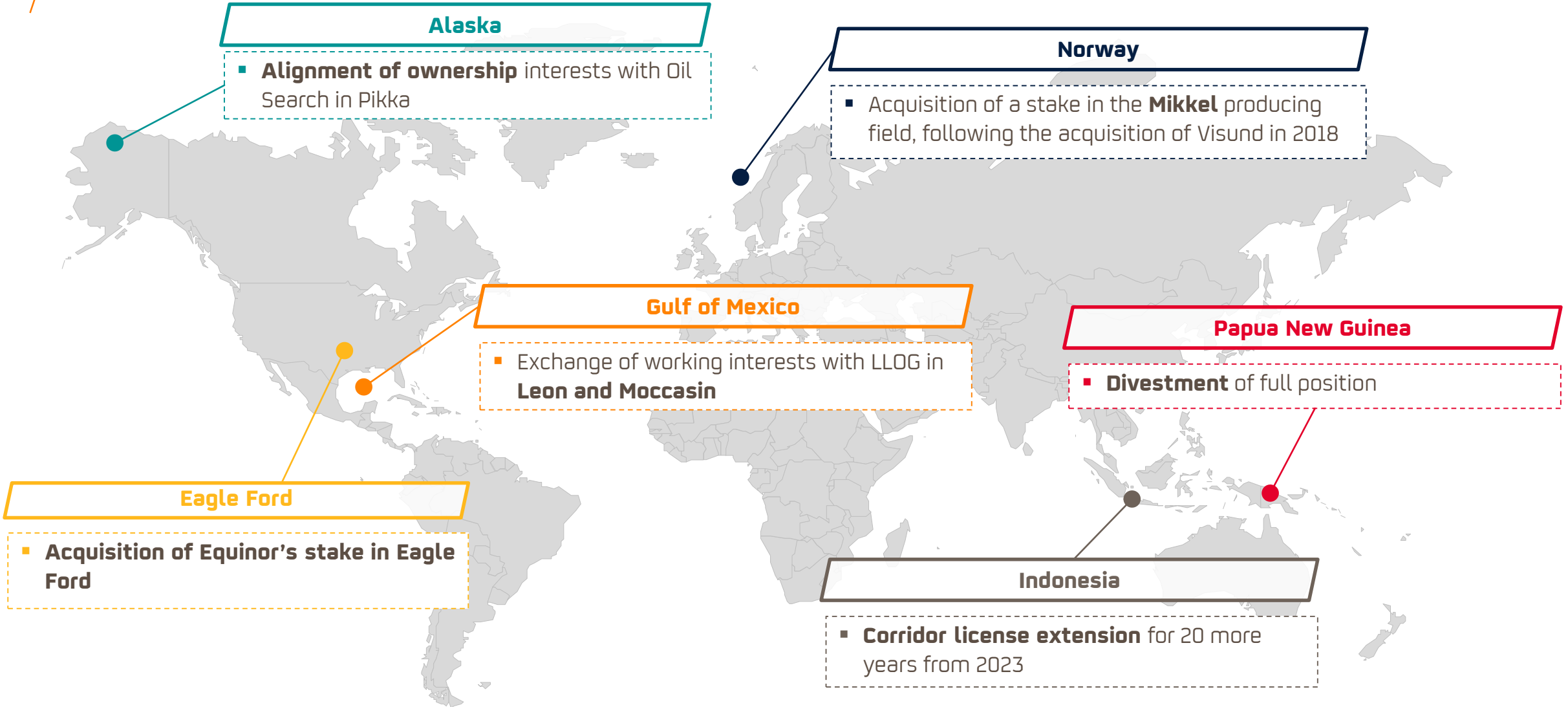
Kboed



- **New barrels from short-cycle projects and portfolio management:**
 - ✓ Start-up of Angelin (T&T) and Buckskin (GoM)
 - ✓ Higher volumes in Marcellus
 - ✓ Acquisition of Mikkell
 - ✓ 100% stake in Eagle Ford (since November 2019)
- **Lower production in Venezuela, Libya and Trinidad & Tobago**
- **FCF breakeven < 50 \$/bbl**

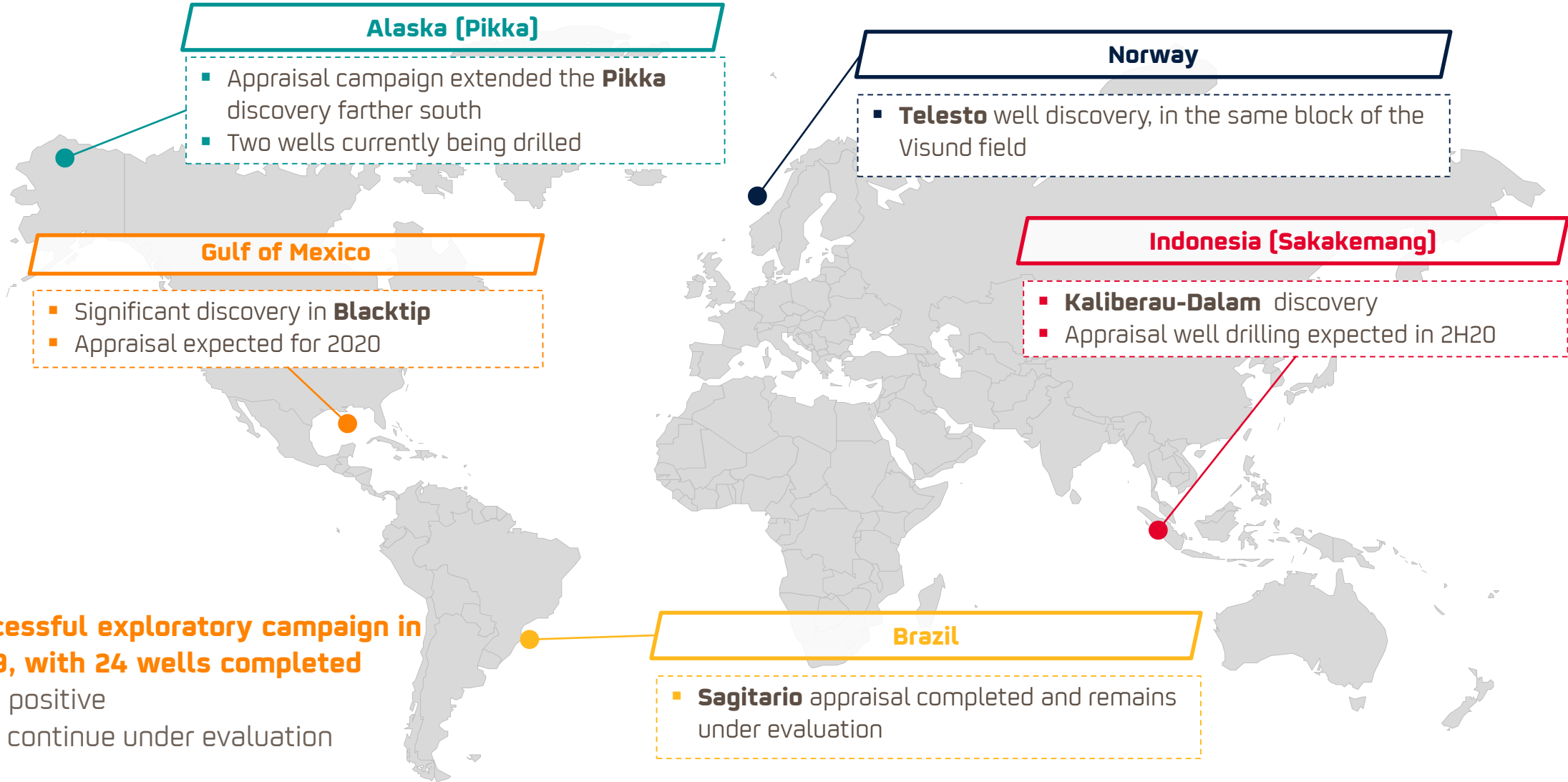
Improving Upstream position through portfolio management

Operational Highlights



Successful exploration activity focused on core areas

Operational Highlights



Successful exploratory campaign in 2019, with 24 wells completed

- ✓ 9 positive
- ✓ 5 continue under evaluation

Challenging Refining and Chemicals

Operational Highlights



Refining

- **Refining margin indicator**
 - ✓ 5.6 \$/bbl in 4Q19
 - ✓ 5 \$/bbl in FY19
- **Premium in the CCS unit margin** thanks to the flexibility of our refining scheme
- **Completed preparations ahead of IMO**

Chemicals

- Lower **international margins** compared to 2018
- Higher uptime in our crackers compared to 2018
- **Negative EBIT in 4Q19**, impacted by the multiannual turnaround in Tarragona

Commercial businesses

- **Solid Marketing and Lubricants**
- **Waylet:** 1.4 Million users
- **Mexico** >340 SS contracts
- **Lubricants:** acquisition of 40% of United Oil (Singapore)

Progressing in Low Carbon targets

Operational Highlights

Generation



Installed capacity
~3 GW

Viesgo: ~2,350 MW installed capacity

~700 MW  Hydro

~1.650 MW  CCGT

+ 600 MW  Cogeneration

 **WindFloat Atlantic: 5 MW**

Project pipeline
~2 GW

 **Delta: 335 MW**

 **PI: 255 MW**

 **Sigma: 204 MW**

 **Valdesolar: 264 MW**

 **Kappa: 127 MW**

 **Additional ~800 MW** in approved solar and wind projects

Under development

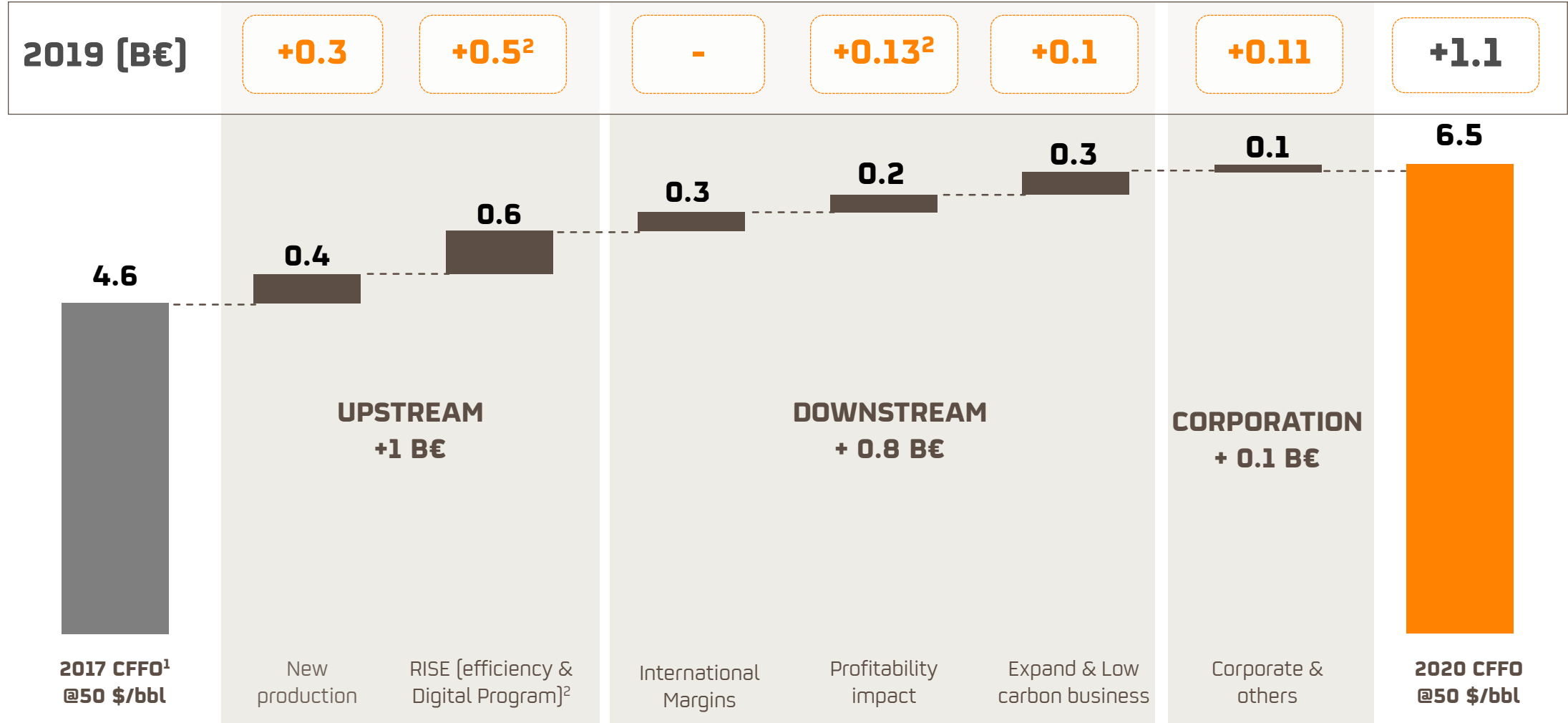
Retail

Repsol brand and channels have proven successful in **enhancing the low carbon gas and power retail business:**

✓ > 1 million clients [+33% increase in one year]

Cash Flow bridge to 2020

Operational highlights



1. Adjusting values to \$50/bbl and excluding Spain extraordinary tax refund effect. CFFO in 2017 was 5.5 B€

2. Refers to sustainable savings

4Q19 & FY19 results

Financial Results



Results (€ Million)	Q3 2019	Q4 2018	Q4 2019	FY 2018	FY 2019
Upstream	218	310	186	1,325	1,050
Downstream	372	485	369	1,583	1,456
Corporate and Others	-68	-163	-150	-556	-464
Adjusted Net Income	522	632	405	2,352	2,042
Net Income	333	170	-5,282	2,341	-3,816

Economic Data (€ Million)	FY 2018	FY 2019
EBITDA	7,513	7,161
EBITDA CCS	7,619	7,201
Operating Cash Flow	5,428	5,837
Net Debt (year end)	3,439	4,220

Full-year net income was €-3.8 Bn, after inventory effect and special items, including:

- €4.9 Bn impairment charge
- €0.8 Bn provision in relation to the company's assets in the UK

Guidance

Outlook 2020



FY2020 GUIDANCE

Shareholder remuneration

Dividend	1 €/share	• 5% dividend increase
Scrip buy-back	100 %	• Full scrip buy-back
Capital reduction	5%	• Subject to the approval of the AGM

Operating metrics

Production	~ 700 kboed	• Value over volume. Subject to Libya.
Ref. margin indicator	~ 7.3 \$/bbl	• Positive impact of IMO

Financial outlook

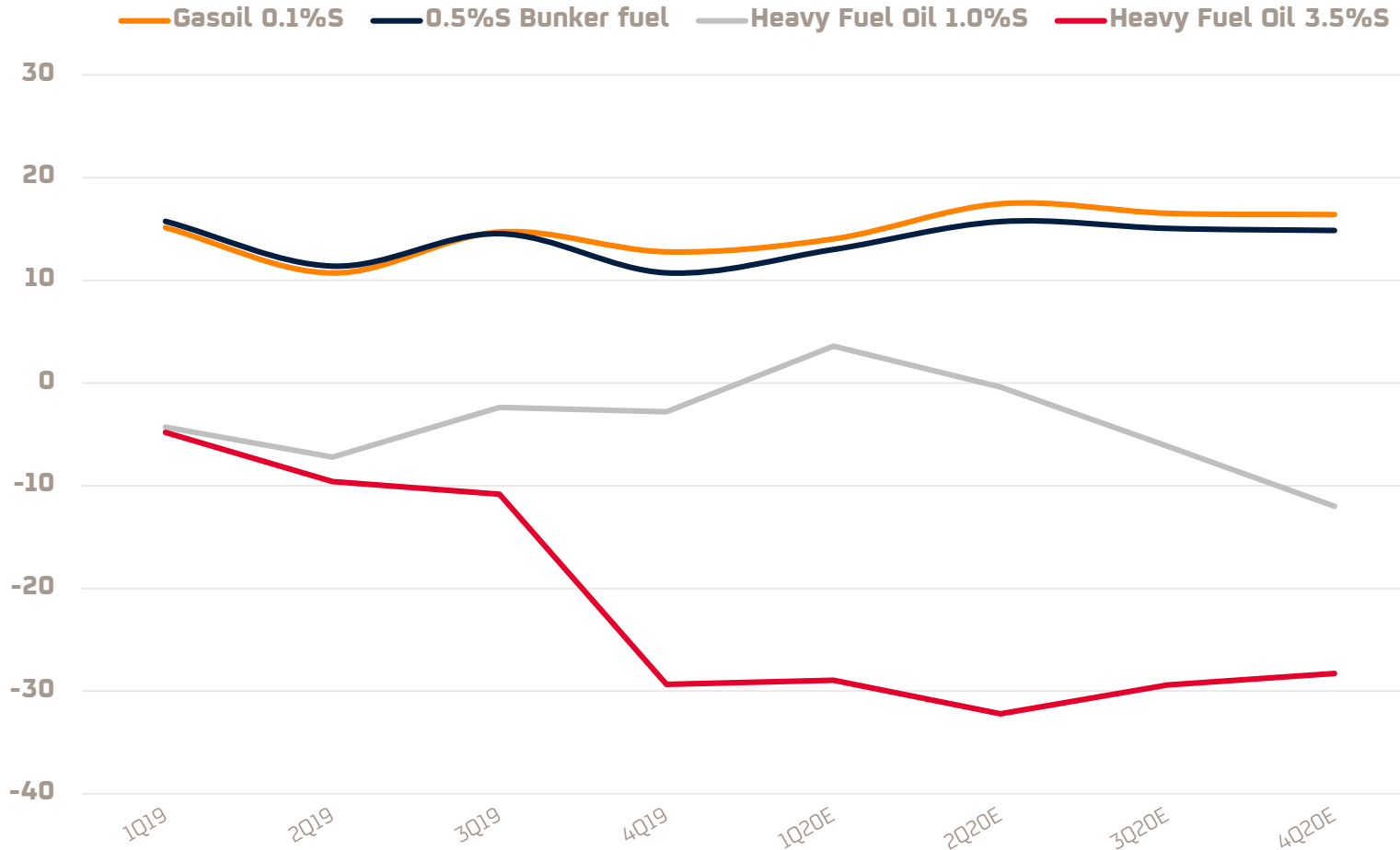
@ 65 \$/bbl Brent
@ 2.8 \$/Mbtu HH

EBITDA CCS	€7.8 Bn	• 8% increase y-o-y
Operating Cash Flow ⁽¹⁾	€6.7 Bn	• 15% increase y-o-y
Net Debt ⁽¹⁾	€3.5 Bn	• 16% reduction vs. Dec'2019
Capex	€3.8 Bn	• Upstream €1.8 Bn, Downstream €1.9 Bn

[1] Scenario @60\$/bbl Brent @ 2.3 \$/Mbtu HH would imply €400 M lower OCF and an equal net debt increase

IMO: Opportunities to maximize our refining premium

Outlook 2020



- Early signs of IMO with **HSFO** spreads collapsing in the second half of the year
- **VLSFO** price reached parity with gasoil, meaning there is not enough supply to cover demand
- **Marine Gasoil** will be needed to comply with the new specifications

Source: IHS [NWE product spreads data]

Confident on delivering improved performance

Conclusions



2019 delivery

- Strong operating cash flow growth in challenging scenario
- Increased shareholder remuneration

Net zero emissions by 2050

- Commitment to long-term sustainability
- Recognition by investment community
- Significant implications for future strategy

Outlook 2020

- Improve operational performance
- Increase shareholder remuneration

New Strategic Plan

- 3 main business segments: Upstream, Downstream, Customer centric + multi-energy
- Stable dividends with room for additional buybacks

New Strategic Plan to 2025 to be released on May 5th 2020



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