



**REPSOL**

# Dowstream Day

## Final Remarks

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EMD COMMERCIAL BUSINESSES & CHEMICALS



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# Repsol 2018-2020: A unique Total Shareholder Return story

At \$50/bbl flat Brent

**Annual TSR**  
[%]

## ATTRACTIVE DIVIDEND DISTRIBUTION

- Increased **DPS growth** target
- **Buybacks** to avoid dilution
- **Fully-Financed** \$50/bbl flat prices

Dividend yield

Fundamentals' growth

Total Shareholder Return

>15%

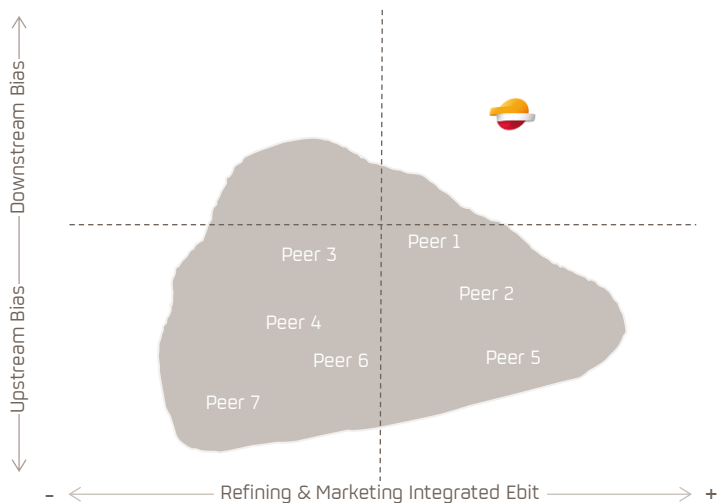
## SUSTAINABLE FUNDAMENTALS' GROWTH

- **Profit improvement**
- Double-gear engine with Downstream **asset-light** projects and Upstream **brownfield growth**
- **Delivery** track record
- **Capital discipline** to enhance ROACE

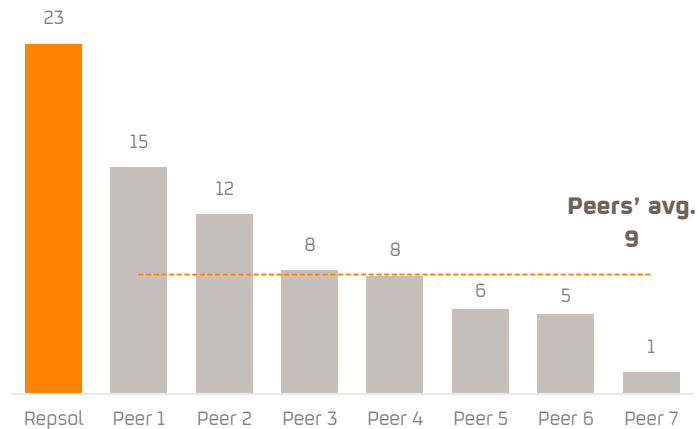
# Repsol achieved the best DW resilience in industry

Thanks to a good R&M integrated ebit and high DW/UP leverage

**Top-1 European R&M Integrated ebit, with largest downstream leverage among peers...**



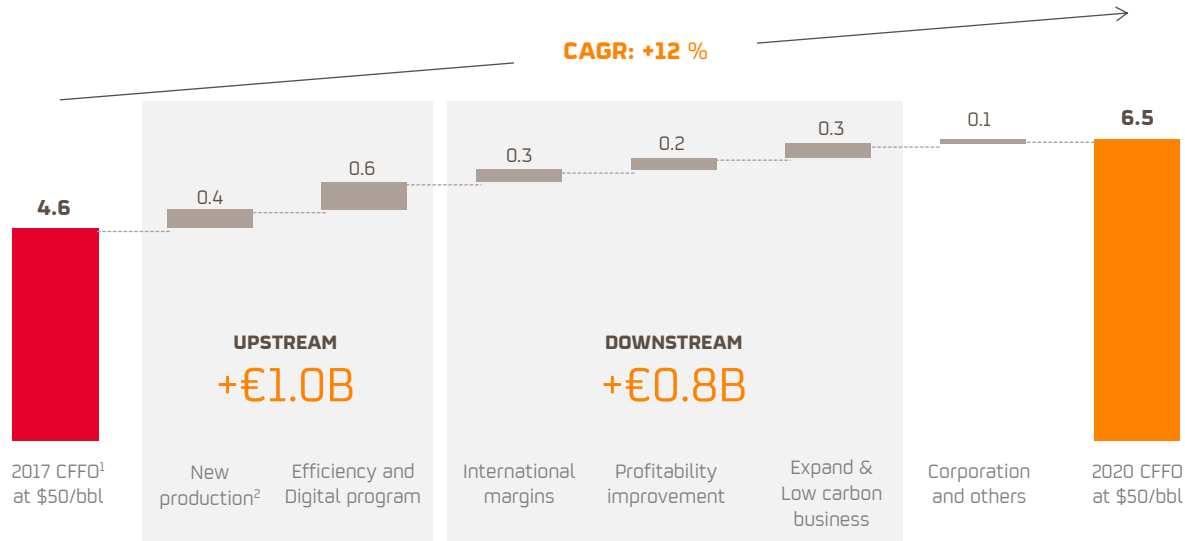
**...supplies the largest R&M contribution to Upstream Brent FCF breakeven**



Integrated R&M Ebit calculated as Ebit ccs- Adjusted operating profit from the R&M divided by the total volume of crude processed.  
Based on annual reports and estimates. Source: Company filings and Evaluate Energy. Peers: BP, Chevron, Eni, ExxonMobil, OMV, Shell and Total.  
Upstream or Downstream Bias calculated as a percentage of 2018 Refining Distillation over 2018 Liquids Production.  
R&M contribution to Upstream Brent FCF breakeven [\$/bbl] calculated as Avg 2016-18 R&M Ebit ccs divided by 2018 Liquids production

# Cashflow growth above 40% at flat prices with sustainable value growth across the portfolio

**CFFO**  
[€B]



At \$50/bbl flat Brent

**ROACE** 6%

**+3 %**

**>9%**

**>10% @ \$60/bbl**

CFFO (Cash Flow from Operations) = EBITDA +/- Working Capital variation + Dividends from affiliates - taxes paid - abandonment cost and others  
Forecasts made under flat \$50/bbl Brent price and flat \$3/Mbtu Henry Hub price.

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

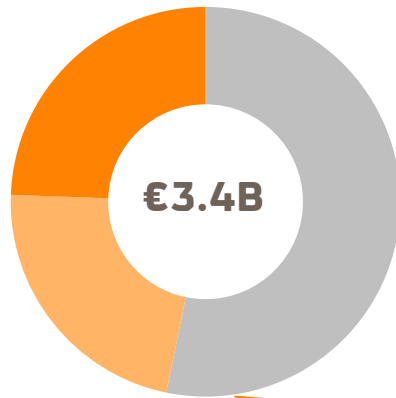
2. Including growth, production mix and portfolio management

# Repsol Downstream today and in 2020

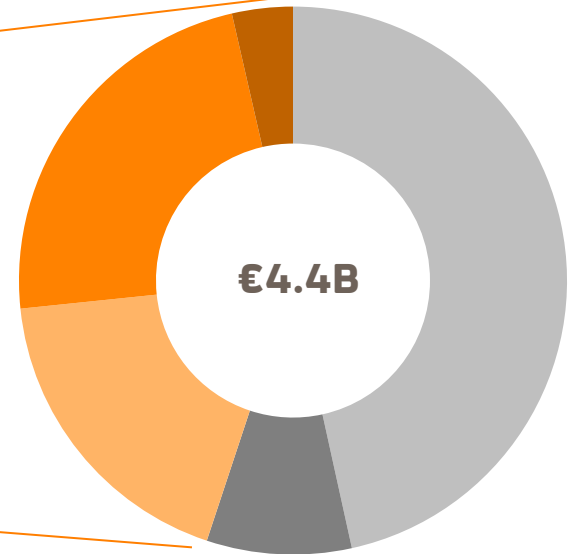
## EBITDA

- Refining-Trading
- IMO
- Chemicals
- Commercial
- Low Carbon

At \$50/bbl flat Brent



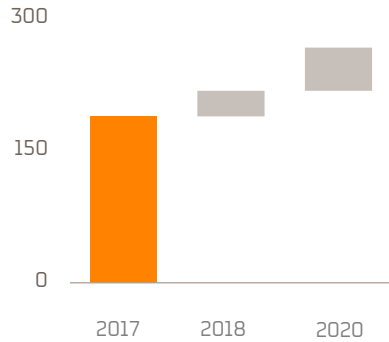
2017



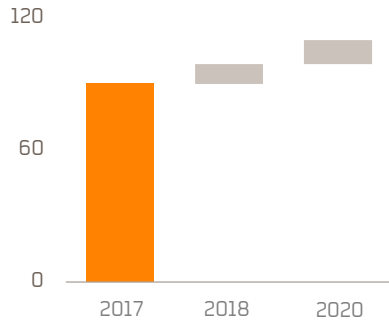
Strategic Update  
2020

# Trading

Δ EBITDA vs 2017 (\$M)



Physical Throughput (Mt)



Increase Trading contribution to the **Group's EBITDA in 2020 by \$75-100M** becoming a true asset optimizer of the group and a global trader

## Group Trading

## Third Parties Trading



OPTIMIZE THE SYSTEM



GLOBAL CRUDE TRADER



OPTIMIZE SHIPPING PORTFOLIO



INCREMENTAL GROWTH INITIATIVES



# Refining – Highly competitive

Repsol top refining operator with the best positioned refining portfolio in EU

## Highly competitive



+€M<sup>1</sup>

1st

2nd

3rd

4th

**Flexibility** ability to process >200 crudes

MED & NWE arbitrage

Integration with other businesses

## Digital Transformation & Growth opportunities

4 key digital areas

**Biofuels.** Turning a requirement into an opportunity

Net Cash  
Margin 1Q

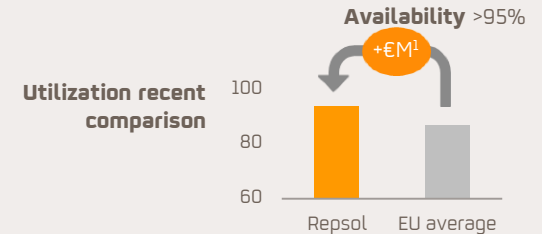
Outstanding  
performance

Digitalization  
additional  
margin to 2021  
**+1\$/bbl**

Deep-conversion  
margins to gain  
**>1.5\$/ bbl**

## Outstanding utilization

Operational excellence:: Reliability& Maintenance



## Best positioned to maximize value from IMO

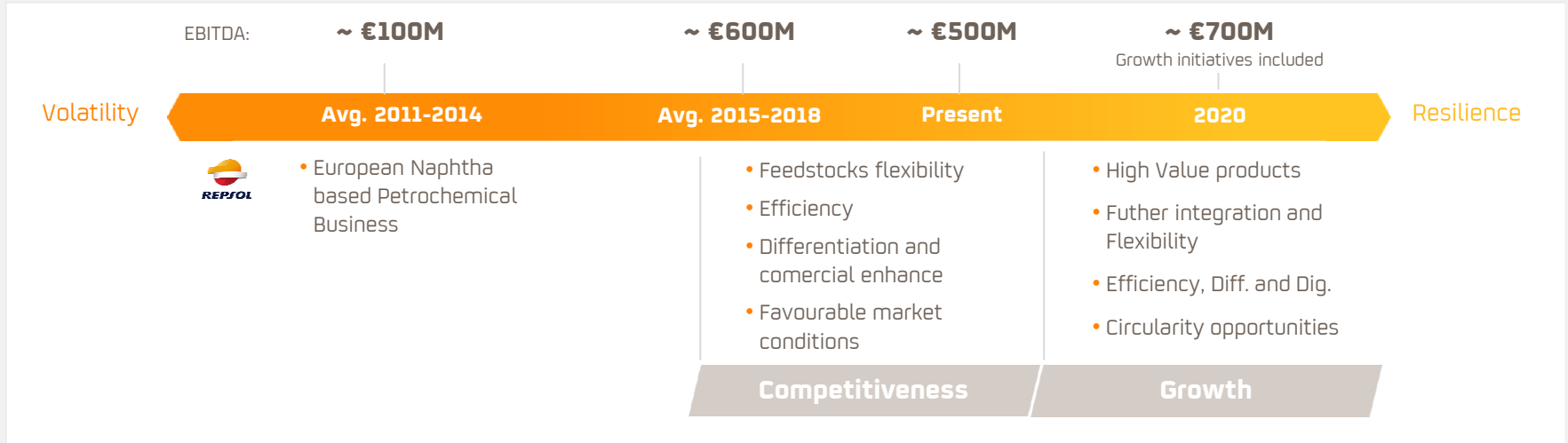
Fully invested refineries  
~25% Coking capacity in Europe

If spread widens enough, able to 0% HSFO

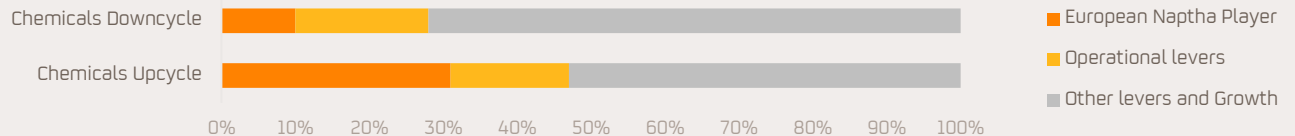
> 50% Middle Distillates Yield

# Chemicals - Growing business

Transformation to a resilient and international business with focus on higher-value products in addition to an integrated position

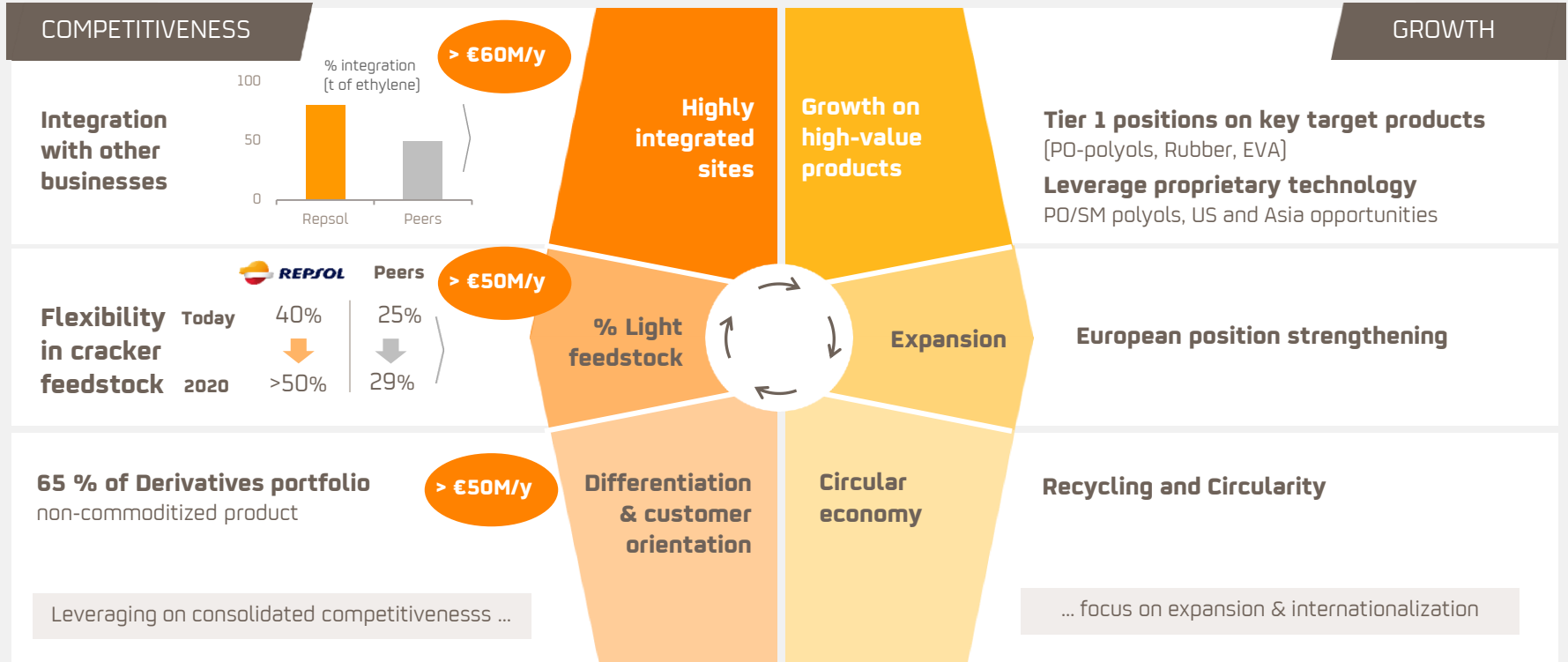


## How levers work EBITDA Resilience



# Chemicals – Growing business

Transformation to a resilient and international business with focus on higher-value products in addition to an integrated position



# Repsol Commercial businesses

## Mobility

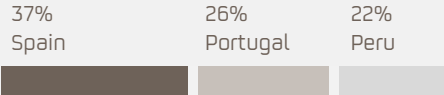


Sustain



### Fuel market

- >4,900 Service Stations in 5 countries
- Market share



### Strategic partnerships

- El Corte inglés + 350 SuperCor stores
- E-commerce Lockers:
  - Correos
  - Amazon
- Disney
- Starbucks
- Mutua madrileña



### Customer centricity

- Waylet & Loyalty programs [6.5M customers]
- Cross-selling initiatives & personalized offers



Expand & Transform



### Mexico

- >180 Service Stations
- Capacity agreements in 3 terminals
- New 800 Stations by 2022



### Energy for mobility & New Services

- 470 LPG & GNV sites
- 1,700 EV charging points
- 1<sup>st</sup> Ultra rapid charging point
- Wible

# Repsol Commercial businesses

Mobility. Leveraging our strong competitive position

Conversion into a customer-centric mobility services provider

**Strong Market share & Brand image** in Spain (20% sales on switch)

**Network efficiency** above the market average (SS location)

Focus on **Non-oil business growth & partnerships**

**Loyalty & Global energy offer**

**Digitalization**

Expanding into **new geographies**

Expanding into **new mobility business**

Becoming a **multi-energy supplier**



**over standard service station**

# Repsol Commercial businesses

More than Service Stations

Differentiation and Competitive strategy in **Wholesale & Int. Aviation business**

ROACE >**23%**

## WHOLESALE

GOs

7.4Mm<sup>3</sup>

COKE

3.5Mt

## AVIATION

AIRLINES

80

AIRPORTS

50

SALES

4Mm<sup>3</sup>

Expanding our **Lubricants business**

Bardahl Joint Venture

ROACE >**30%**

LUBRICANTS SPAIN MARKET SHARE

28%

SALES IN

>90

COUNTRIES

LUBRICANTS SALES IN MEXICO

39Kt

SALES IN 2018

1.9Mt

INTERNATIONAL SALES

+13%

Leader in **LPG** in Iberia

ROACE >**35%**

RETAIL SALES

1Mt

MARKET SHARE

74% 18%

SPAIN

PORTUGAL

FILLING & BULK PLANTS

13

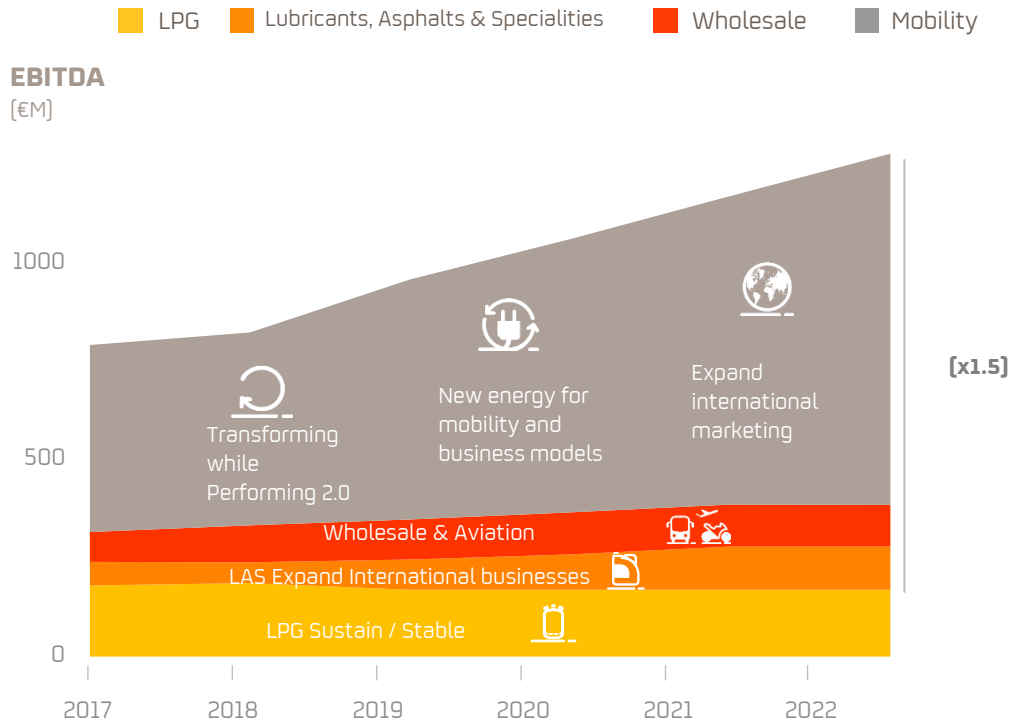
STORAGE CAPACITY

180Kt

Adding  
~70%  
value

over Repsol  
retail business

# Growing EBITDA for Commercial businesses

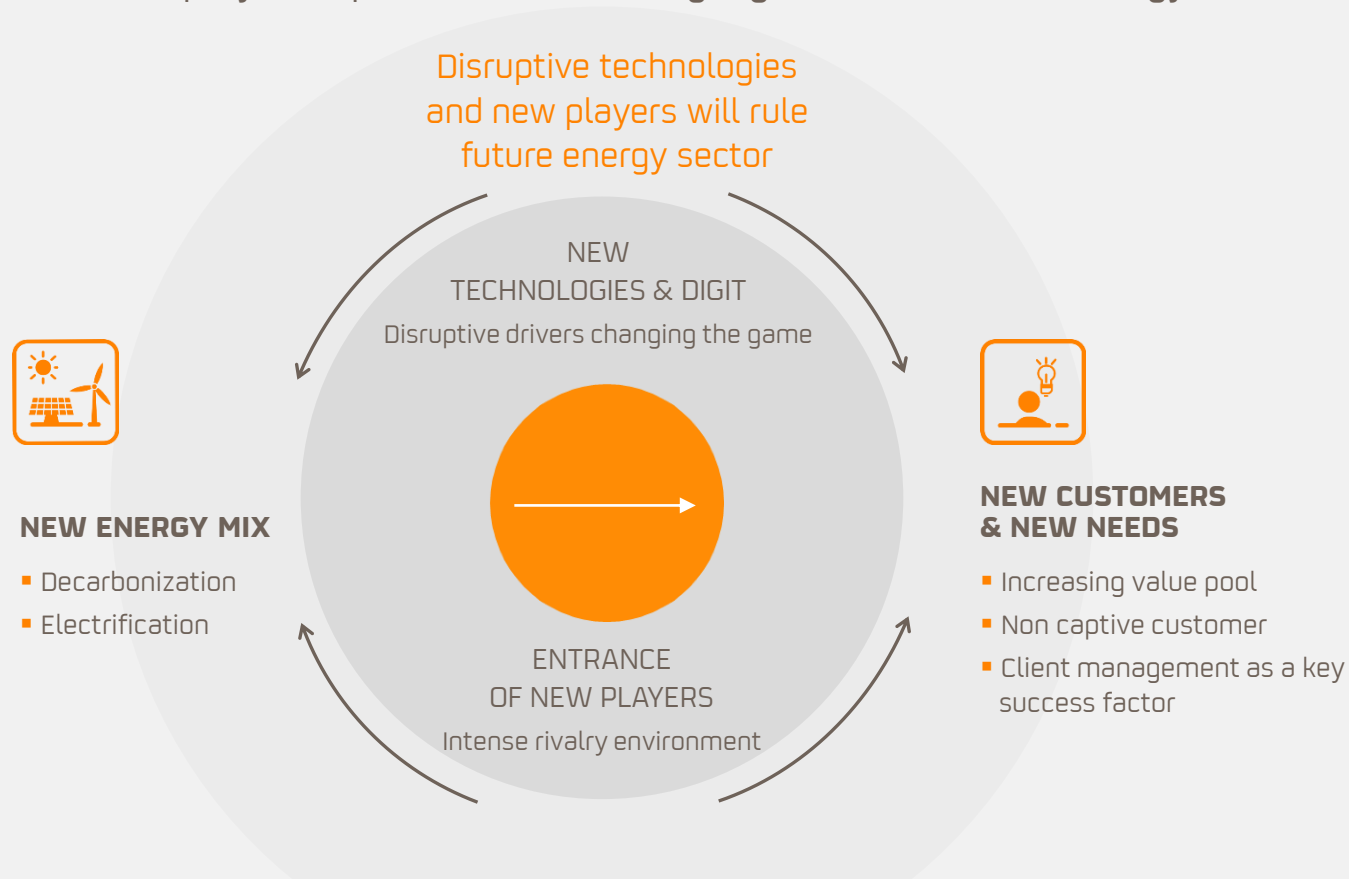


**Mobility,  
Wholesale & LAS  
to multiply  
x1.5 EBITDA**

**LPG as stable  
EBITDA generator**

# New energy ecosystem

Despite being a Oil&Gas player, Repsol is consolidating a good base to face energy transition





# Repsol has a clear commitment with its Low Carbon Business development

## Low Carbon Business Stepping stone

Viesgo Acquisition

Valued at **€750M**

**2,350 MW** installed capacity

**750,000** retail customers  
IRR > 10 %

### > Low carbon generation

Development of renewables portfolio: **Target by 2025 ~4,5 GW**

Stable **and double digit profitability** achievable through diversification:

- Wind + solar technologies
- Geographies: Mature / Emerging / Frontier
- Project development stage
- PPA / Merchant

Current status: **300 MW “ready to build”**

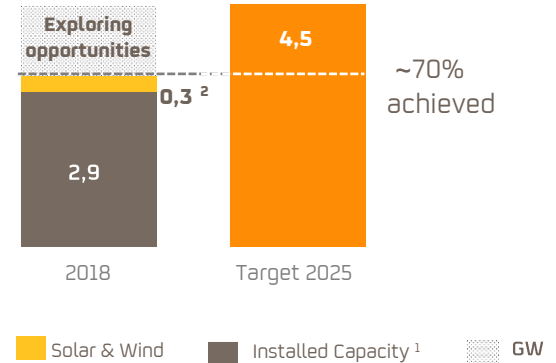
### > Retail business

**Customer centric** vision

Cross-selling commercial businesses

**+100,000 customers** to date

**Repsol outperforming former Viesgo** management [x4 rate of new customers capture]



<sup>1</sup> Installed Capacity: CCGT 1.6 GW, Pumping 0.4 GW, Hydro 0.3 GW and CHP 0.6 GW

<sup>2</sup> Valdesolar (264 MW) and WindFloat (25 MW)

# Summary

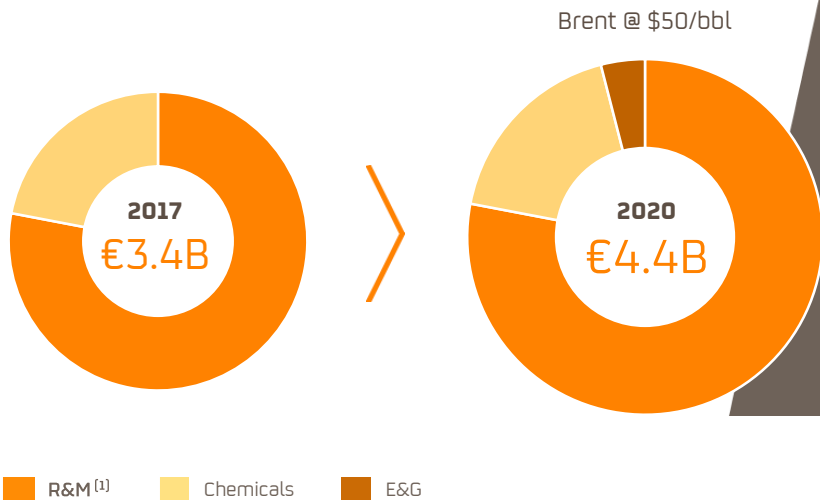
- > World Class Assets
- > Synergies : balanced & integrated
- > Regional leadership
- > Resilient: Flexible & reliable
- > Technology & Digitalization
- > Focus on Low Carbon

**Additional /  
Hidden Value  
Vs  
European Peers**

# World-class DW portfolio and capabilities

Repsol DW portfolio, with strong competitive position and sustainable growth, is ready to overcome current EV / EBITDA market reference

## EBITDA [Strategic Update]



## EV / EBITDA [x]

	Reference peers [pure players]	Repsol internal valuation
R&M	5.5x	7.5-8x <sup>(1)</sup>
Chemicals	5.5x	6-6.5x
Downstream Today	5.5x <sup>(2)</sup>	7.5x

Growth

Downstream



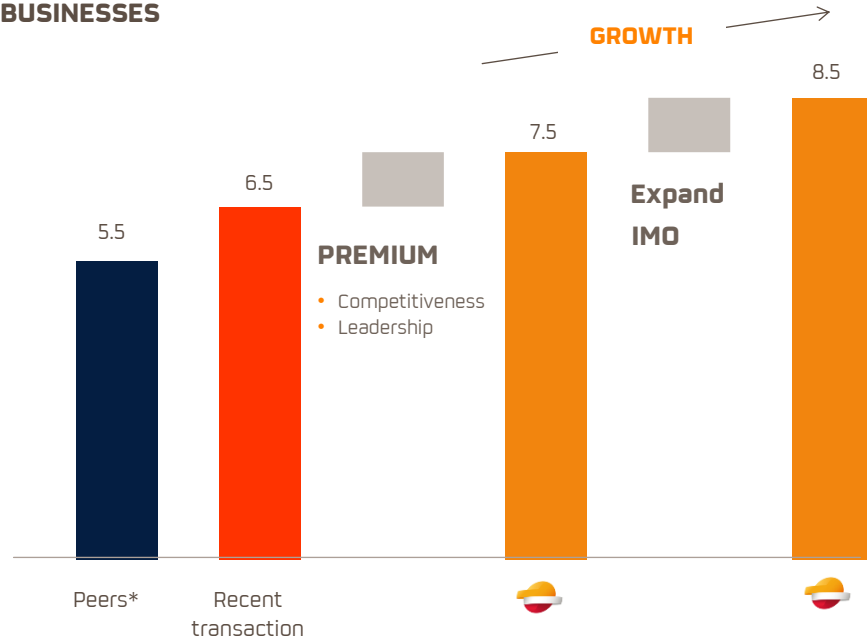
**8.5x**

[1] Trading, LPG and LAS businesses included

[2] Players with relevant R&M weight. R&M Pure player companies included: MOL, Hellenic, PKN Orlen. Chemicals companies included: Braskem, Lotte Chemical, Lyondellbasell. Source: Reuters.

# Valuation. Repsol merits 7.5x valuation multiple, based on IMO & better competitiveness than peers

## x EV/EBITDA FOR DOWNSTREAM BUSINESSES



\*Peers include Refine & Marketing pure players companies  
Source: Public information, Analyst report, Reuters

# Closing Remarks



## SUSTAIN

### Refining

Competitiveness

IMO

### Trading

Competitiveness

Growth



## EXPAND

### Commercial Capabilities

### Chemicals

Niches focus



## TRANSFORM

### Electricity and Gas

### New Mobility Businesses

RETURN



PROFITABLE  
GROWTH

Culture Digital SMA



**REPSOL**