

## REPSOL'S BUSINESS AREAS YIELD A RESULT OF 447 MILLION EUROS

- In the first quarter of 2020, Repsol achieved an adjusted net income, that exclusively measures the performance of the business areas, of 447 million euros. This result is a reflection of the company's strength and resilience.
- The result was achieved in a context of extraordinary difficulty, marked by the abrupt and steep fall in oil and gas prices, the collapse of demand due to Covid-19, and Repsol's role as a supplier of essential public services in the global health crisis.
- In this context, the company has implemented all available measures to protect the health and safety of its employees, customers, and suppliers. At the same time, it has prioritized its commitment to guaranteeing the supply of the energy products and services that are essential for society over the usual criteria of profitability.
- The volatility of the international commodities prices has impacted the valuation of the company's inventories to an extraordinary degree. A negative effect of 790 million has resulted in a net loss of 487 million euros in the first quarter.
- After analyzing the economic environment, Repsol has adopted a Resilience Plan for 2020 that includes additional reductions of more than 350 million euros in operating expenses and over 1 billion in investments, as well as optimizations of working capital of nearly 800 million. All this, with respect to what was initially budgeted at the start of the year.
- Even in this situation, the soundness of the balance sheet ensures that the commitment to shareholder remuneration of 1 euro/share will be maintained during 2020, as established in the current Strategic Plan. Accordingly, a remuneration of 0.55 euro/share will be payable in the month of July, once this has been approved by the Annual

In a context of extraordinary difficulty, Repsol has prioritized its status as a supplier of basic products and services for society

**€1** / share

Repsol maintains its commitment to total shareholder remuneration in 2020

**€1.5** billion

Two bond issuances to strengthen Repsol's financial capacity

**General Meeting on May 8. The payout will be made effective under the formula of a scrip dividend and in lieu of a complementary dividend.**

- **Repsol has ample liquidity, strengthened further in April with two issues of five and ten year bonds with a total value of 1.5 billion euros.**

In the first quarter of 2020, Repsol produced an adjusted net income of 447 million euros, which represents a decrease of 27.7% compared to the 618 million registered in the same period the previous year. This result, which specifically measures the performance of the company's business areas, was achieved in a context of exceptional complexity, marked by a sharp drop in oil and gas prices, a drastic decrease in demand triggered by Covid-19, and with Repsol keeping its facilities operational and playing an essential public service role in the global health crisis.

Repsol's integrated business model and its flexibility and resilience were fundamental in allowing its businesses to achieve solid results in this extremely adverse scenario.

Repsol's integrated business model was a key factor in achieving a robust adjusted net income in an extremely adverse context.

The average price of Brent and WTI crude oils dropped by 21% and 17%, respectively, compared to the first three months of 2019. At the end of the quarter, Brent traded at under 20 dollars per barrel. In the case of gas, the drops were even sharper, ranging from 36%, on the Henry Hub, to 56% on the Algonquin.

This volatility and decline in international commodities prices has reduced the valuation of the company's inventories to an extraordinary degree. With a negative impact of 790 million euros, the resulting net income in the first quarter of 2020 was -487 million.

### **Action in response to Covid-19**

Repsol's CEO, Josu Jon Imaz, highlighted the company's response to the pandemic: "I am proud of the way that Repsol has adapted to this scenario, applying all of its technological, industrial, and human capacities to fighting the coronavirus. Our company has a culture of discipline, flexibility, and cooperation that enables us to confront challenges like the one represented by this crisis. This culture is also essential for addressing the challenges confronting our industry, and in the face of these we reaffirm our commitment to leading the energy transition."

The priority of the company, taking precedence over the usual criteria of profitability, has been to provide essential services in the countries where it operates as well as to apply all available measures to protect the health and safety of its employees, customers, and suppliers. Furthermore, Repsol has placed its industrial and human capacities at the service of the authorities and society as a whole to help in this fight.

Josu Jon Imaz: "I am proud of the way Repsol has adapted to this scenario, applying all of its technological, industrial, and human capacities to the fight against Covid-19."

Following this premise at all times, the company is guaranteeing the supply of products and services that are essential for the functioning of society, such as energy and key raw materials for the manufacture of various medical supplies such as masks, respirators, syringes, surgical material, etc.

Protocols for assisting customers have been modified to be able to continue meeting their needs as safely as possible. Likewise, measures have been implemented in the industrial facilities and in the low-carbon electricity generation assets, crucial to the supply of fuels, chemical products, and electricity, to ensure that the operations continue without disruption.

## Resilience Plan 2020

After analyzing the macroeconomic environment and the extraordinary conditions of the recent months, Repsol's Board of Directors, on March 25, decided to implement a series of measures to strengthen the soundness of the company's balance sheet.

To address the current circumstances, Repsol adopted a Resilience Plan for 2020. It includes initiatives that will represent additional reductions of more than 350 million euros in operating expenses and over 1 billion in investments, as well as optimizations of working capital of nearly 800 million with respect to what was initially budgeted.

Repsol's asset portfolio is very flexible. It allows the company to be agile when taking investment optimization decisions

Repsol's asset portfolio is very flexible. It allows the company to be agile when taking investment optimization decisions, making it one of the most useful levers for addressing this new and complex scenario and key to the 26% reduction of the investments originally planned for this year.

On March 31, the company's net debt totaled 4.478 billion euros, compared to 4.22 billion at the close of last year. In line with its Resilience Plan for 2020, Repsol estimates that the net debt at year end will not have increased compared to the end of 2019.

Repsol enjoys ample liquidity. At the end of March, this allowed the company to cover its debt maturities in the short term until the end of 2024 without the need for refinancing. Furthermore, at the beginning of April, the company strengthened its position with two bond issues, of five and ten years, respectively, totaling 1.5 billion euros. The demand was 2.6 times the offer. Repsol also increased the credit lines committed in 2020 by 1.3 billion euros.

Despite the adverse context, the commitment to a shareholder remuneration of 1 euro per share in 2020 will be maintained, as established in the current Strategic Plan. Therefore, a remuneration of 0.55 euros per share will be made effective in July, under the formula of a scrip dividend and in lieu of a complementary dividend, once it has been approved by the Annual General Meeting on Friday, May 8. The reduction in capital through a repurchase of company shares, aimed at offsetting the dilution effect of the scrip dividend, is also being maintained in 2020.

The company maintains its commitment to shareholder remuneration in 2020.

## Performance of the business areas

The results of all Repsol's business areas were positive in the first quarter of the year, despite the various contextual factors affecting their operations.

In line with its role as a multi-energy company and its goal of leading the energy transition, Repsol has redefined its business segments and, starting in 2020, the Downstream area will be split in two: **Commercial and Renewables** (Mobility, LPG, Lubricants, and Electricity and Gas) and **Industrial** (Refining, Repsol Peru, Chemicals, Trading, and Wholesale and Gas Trading).

The **Commercial and Renewables** business posted a result of 121 million euros, compared to 137 million in the same period in 2019. The restrictions imposed to combat the coronavirus depressed demand and affected the Mobility area. LPG also saw sales drop due to the impact of Covid-19 on the hotel and restaurant sector and to the higher than usual temperatures in January and February.



Repsol is guaranteeing the supply of products and services that are essential for the functioning of society

The company has offered solutions to meet the needs of the customers under the current circumstances, above and beyond the essential services that it is keeping in place. Accordingly, it has implemented two options for supplying food and hygiene products in most of the convenience stores at its service stations. Thanks to these initiatives, users can place their orders by telephone and pick them up at more than 800

stations. Or, if they prefer, they can make their purchases from urban service stations in 22 cities through Deliveroo and receive them at home.

As for the **Industrial** business, it increased its income by 6%, to 288 million euros, compared to 271 million in the first quarter of last year. This business area successfully offset the negative impact of the volatile price climate and the depressed demand that mainly affected the Refining area.

As for the **Chemicals** business, this area has been affected by maintenance at the facilities in Sines and Tarragona. Since the beginning of the pandemic, it has had to adjust its operations to the fall in demand in the automotive sector, among others, as well as to the increase in demand in other sectors related to healthcare and food products that are vital in the fight against Covid-19 and for which chemical raw materials are crucial.



Chemicals responded to an increased demand in sectors that are vital in the fight against Covid-19 and that depend on its raw materials

Lastly, the **Upstream** business posted an income of 90 million euros, compared to 323 million between January and March 2019. The results of this area have been hampered primarily by the extraordinary drop in international commodities reference prices.

Average production increased by 1.4%, to 710,300 barrels of oil equivalent per day.

Although exploration activities have been significantly reduced, the six wells that Repsol has drilled so far this year — in Colombia, the United States, and Mexico — have all shown positive results. The estimated resources total 650 million barrels of oil equivalent.

Two important discoveries made in Mexican waters in April, after the close of the quarter, stand out. Located in the Salina Basin, both were completed with lower costs and shorter timelines than estimated, following the strictest health and safety protocols and with specific measures to prevent spread of coronavirus.

## Net zero emissions company by 2050

Repsol reaffirms its commitment to leading the energy transition that was made even before the current exceptional global context. On December 2 last year, it announced that it was orienting its [strategy to become a company with zero net emissions by 2050](#), in accordance with the Paris Agreement. Now, it is maintaining the targets for 2020 that will help it to achieve this goal.

This year, Repsol will invest 600 million euros in developing the Kappa, Delta, and Valdesolar

The company will reduce its Carbon Intensity Index by 3% this year compared to the 2016 baseline. It will reduce CO<sub>2</sub> emissions in all businesses and significantly increase its renewable generation capacity.

Relating to the latter, in April, Repsol began the construction of its first solar farm, known as Kappa and located in the municipality of Manzanares (Ciudad Real).

This facility will have a total installed capacity of 126 megawatts (MW) and will represent an investment of 100 million euros. It is expected to come online at the beginning of next year.

Kappa is one of the seven renewables projects that Repsol is currently pursuing on the Iberian Peninsula and the second to break ground in Spain. The first was the Delta wind project, located in the provinces of Zaragoza and Teruel, where construction began in December last year and is still ongoing. It will have a total installed power of 335 MW, it represents an investment of 300 million euros, and it is expected to start operating at the end of this year.

Additionally, the construction of the Valdesolar solar project (Badajoz), with 264 MW and a projected investment of 200 million euros, is expected to start soon. Together, these three projects — Kappa, Delta and Valdesolar — add up to a total investment in renewable projects of 600 million euros.

The last asset that the company has added to its renewables portfolio is Delta 2 that was announced at the end of February of this year. This 860 MW wind project is made up of 26 farms located in the provinces of Huesca, Zaragoza, and Teruel in northeastern Spain. It will be developed over the next three years and, once finished, it will supply electricity to approximately 1.8 million people and offset the emissions of more than 2.6 million tons of CO<sub>2</sub> every year, when compared to electricity produced from coal.

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