



Repsol's new Strategic Plan accelerates the energy transition

- Repsol today unveiled its 2021-2025 Strategic Plan which will transform the company in the following years, accelerating the energy transition and ensuring return and the highest value for shareholders.
- The new strategy outlines a challenging roadmap with more ambitious intermediate emissions cuts targets to successfully achieve zero net emissions by 2050. Repsol will decarbonize its asset portfolio and establish a new operating model.
- The new strategic plan contemplates investment of €18.3 billion between 2021 and 2025, of which €5.5 billion – 30% - will be spent on low-carbon businesses.
- The renewed strategy is self-financing at an average \$50 per barrel of Brent and \$2.5 per MBtu at the Henry Hub. At these prices, the company can generate cash to cover investments and dividends throughout the period, without increasing debt from current levels.
- Repsol will evolve its organization into four business areas (Upstream, Industrial, Customer, and Low-Carbon Generation), supported by more efficient corporate and service units to favor differentiated results and value crystallization.
- The company will maintain shareholder distribution amongst the most attractive in the industry and the Spanish Ibex-35 Index, combining a cash dividend with share buy-backs. The cash dividend will be set at €0.60 per share and rise to €0.75 per share. Including buybacks, it can exceed €1 per share in 2025.

€18.3 Billion

Invested between
2021 and 2025

15 GW

Objective to reach
7.5 GW of low carbon
generation in 2025 and
double that capacity to 15
GW in 2030

-25% emissions

Increased emissions
reduction target to 12% by
2025 and 25% in 2030





Josu Jon Imaz, Repsol Chief Executive Officer:

- “With this new Strategic Plan, which leverages our strengths, we are taking a significant step towards becoming a net zero emissions company, outlining a profitable and realistic roadmap that will allow us to grow, maximize value for our shareholders, and assure the future.”
- “Our strategy is based on a multi-energy offering that combines all the technologies for decarbonization of energy. We will be more efficient and increase our renewable energy objectives as well as our manufacture of products with a low, neutral, or even a negative carbon footprint. We will promote circular economy initiatives, develop new energy solutions for our customers, and boost cutting-edge projects to reduce the industry’s carbon footprint.”

Repsol today unveiled its strategic plan for the years 2021 to 2025, during which it will advance in its net zero emissions objective with a project that accelerates transformation while maintaining a strong cash flow to finance ambitious growth and attractive shareholder distribution.

The company will **decarbonize its asset base and implement a new operating model** that will extract value from its current strengths as well as add new pillars to support the company’s future such as the Customer and Low-Carbon Generation Businesses. **By 2030, Repsol will be a company that is renewed, more sustainable, and more focused.**

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The new strategy will be highly flexible in relation to the macroeconomic environment. It is being set in motion at a time of historic difficulty to which Repsol already responded with its Resilience Plan 2020 that produced positive cash flow in every business in the first nine months of the year and estimated savings for the whole year of €2.4 billion.

In this highly uncertain environment, the company has established two differentiated periods in its Strategic Plan. In the first two years, it will focus on ensuring financial strength, extending the efficiency and competitiveness programs which began in March of this year.

The Strategic Plan is self-financing at an average \$50 per barrel of Brent and \$2.5 per MBtu at the Henry Hub. At these prices, the company can maintain a high degree of financial flexibility and keep debt unchanged from current levels through 2025.

During the first period of the plan, efficiency, investment cuts, and optimization of capital will be prioritized together with projects to lead the energy transition, including those already announced for the Bilbao and Cartagena refineries and the numerous renewable energy projects that Repsol is currently building. From 2022, with recovery from the impact of Covid-19, the focus will shift to the acceleration of growth.



A total of **€18.3 billion will be invested** during the new five-year plan. Low-carbon spending will reach €5.5 billion between 2021 and 2025 – 30% of the total – which will be accompanied by a continued international expansion. Over the course of the period, Repsol aims to substantially increase EBITDA, to more than €8.2 billion in 2025.

In a scenario of continued higher prices, Repsol will accelerate the growth of low-carbon projects in its portfolio.

A new operating model

REPSOL REPSOL Group			
Group Corporate Center [Governance, Financial and Strategic Management and Integration synergies]			
Group Global Services [Efficiency and Scale]			
Upstream Upstream 2019 EBITDA €4.3 B ✓ CAPEX €2.5 B P1 Reserves: 2.1 Bboe Production: 709 kboe/d Yield and Focus	Industrial Refining ¹ Trading Wholesale & Gas Trading Biofuels Chemicals 2019 EBITDA €2.0 B ✓ CAPEX €0.9 B Refining capacity 1.0 Mbb/d Chemical sales 2.8 Mt/y Yield and New Platforms	Customer-centric Mobility LPG E-Mobility P&G Retail Energy solutions LAS ² 2019 EBITDA €1.0 B ✓ CAPEX €0.4 B # Clients 24 M Yield and Transformation	Low-carbon generation Renewables Conventional low-carbon generation Energy Management 2019 EBITDA €0.04 B CAPEX €0.2 B 2020 Capacity: 3.3 GW ✓ Of which RES (inc. hydro) 1.1 GW Business Build EQUITY PARTNERS or IPO

Repsol will evolve its organization by deploying **four business areas (Upstream, Industrial, Customer, and Low-Carbon Generation)**, supported by more efficient corporate and service units to favor increased results and value crystallization.

The new business model contemplates **the incorporation of partners or investors to the Low-Carbon Generation business** or even a possible listing on the stock exchange to decisively accelerate the achievement of objectives and guarantee a higher return from our operations.

Digitalization will play a key role in the new organization thanks to artificial intelligence, automation of operations, and cloud-based solutions. The company expects the plan to provide a **positive impact of the digitalization projects that already in 2022 will surpass €800 million a year**, compared with the start of the digitalization program in 2018.

A customer-centric business to build a multi-energy offering

In the new business model, **Repsol will create a Customer Unit** to globally satisfy all energy and mobility needs of its customers, currently more than 24 million. The unit will bring together the existing Mobility, LPG, Electric Mobility, Power and Gas Commercialization, Energy Solutions, and Lubricants businesses.

This new branch will become the leading multi-energy supplier in the Iberian Peninsula, increasing the weighting of low-carbon energy and developing digital products and tools that will allow for more personalized offers and improved customer experience. The company has a unique value proposition and competitive advantages to offer clients a differentiated global service. The new transversal loyalty program will grow from the existing two million digital customers to eight million by 2025.

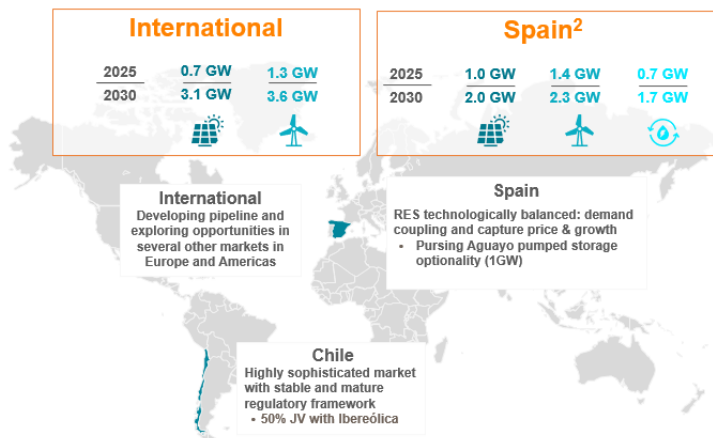




The plan sets the objective to increase the EBITDA of this unit by 1.4 times, reaching €1.4 billion in 2025. The company also expects to increase the number of power and gas as well as electric mobility customers to two million.

A global low-carbon generation operator

The Low-Carbon Generation Business is one of the four pillars in the new organizational model. It will continue to increase its asset portfolio, as well as the already launched international expansion. The objective is to become a global operator, with a generation capacity of **7.5 gigawatts (GW) by 2025 and 15 GW by 2030**.



The company is planning to continue the organic growth of this business through the development of a portfolio of projects in operation that will grow at an annual rate of more than 500 MW between 2020 and 2025. Among the initiatives that are under consideration is a 1 GW enlargement of the capacity of the pumped storage station at Aguayo (Spain). This will be the largest investment in the history of the region of Cantabria (approximately €700 million). In addition, further acquisition of assets will boost the expansion outside of Spain.

Between 2025 and 2030, Repsol will accelerate the organic growth of its generation capacity with the development of projects that will add more than 1 GW of installed capacity every year.

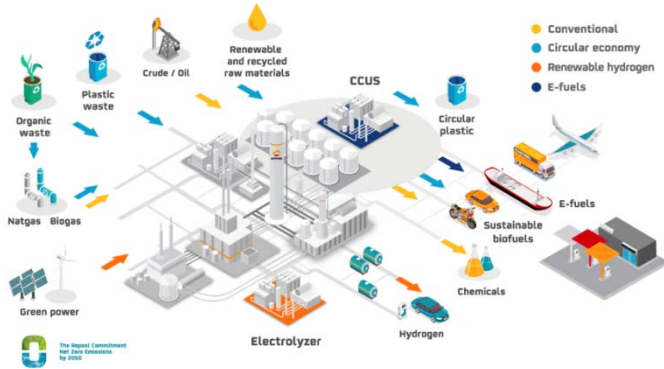
The EBITDA of this business will be multiplied by eight, compared to 2019, to €331 million. Investments will reach €1.4 billion a year by 2025, eight times more than those made in 2019.

Transformation of the Industrial business

The industrial business will maintain its high competitiveness and the leading role of its assets in Europe. It will improve its profitability, adjust its capacity, build new platforms that will be leaders in carbon-neutral businesses, and reduce its emission by more than two million tons of CO₂. It will include Refining, Trading, Wholesale Gas, Biofuels, and Chemicals.

Repsol's seven large industrial sites in Spain, Portugal, and Peru will continue their transformation to become multi-energy hubs. They will be able to generate products with a low, zero, or even a negative carbon footprint and to promote new business models based on digitalization and technology.

To address this transformation process, Repsol will rely on four key pillars: energy efficiency, the circular economy, renewable hydrogen, and the capture and use of CO₂. In energy efficiency alone, the company will invest more than €400 million during the time span of the plan which will allow it to reduce emissions by 800,000 tons of CO₂ a year and lay the foundation for the transformation of the industrial complexes into net zero emissions facilities.



When it comes to the circular economy, Repsol's industrial complexes are adapting to use residues of different origin as raw materials to convert them into carbon-neutral products (fuels and materials). The ambition is to process four million tons of residues every year. Additionally, Repsol will become a leader in sustainable biofuels, with a production capacity of 1.3 million tons by 2025 and of more than two million by 2030. The company already has several ongoing projects along these lines at its refineries.

Renewable hydrogen will be another important vector for the decarbonization of the industry. The applications range from its use as a raw material to produce synthetic fuels to the storage of renewable energy. Repsol has the ambition to be a leader in renewable hydrogen in the Iberian Peninsula by reaching a production of the equivalent of 400 MW by 2025 and with the ambition of exceeding 1.2 GW in 2030. The capture and use of CO₂ will also be key to this transformation process, thanks to projects like the one developed at Petronor in Bilbao, the only refinery in the Iberian Peninsula and one of few in Europe that has implemented this kind of processes.

The industrial area will realize this transformation profitably, without increasing investments that will be kept at an average of €900 million a year, in line with the investments made in 2019.

Upstream, cash flow and value creation

The Upstream business will focus on key geographic areas, giving priority to value over volume, and reducing the emissions of its asset portfolio that will still be managed actively. The business will rely on its strengths such as its flexibility, efficiency, and advanced technological level that will allow it to increase its contribution to the Group as a whole and generate positive cash flow despite reducing the investment intensity.

The company will focus on developing short-cycle projects to be managed with flexibility and with a limited capital intensity that will be among the lowest in the industry. During the time span of the plan, production will be around an average of 650,000 barrels of oil equivalent per day. The global presence will be reduced to 14 countries, with a more efficient and focused exploration activity.

The business will generate €4.5 billion of free cash flow between 2021 and 2025, five times more than between 2016 and 2020, based on a same-price scenario. Additionally, it will reduce the cash flow break-even price by 20%, to below \$40 per barrel over the period. The projects that will add new production – considered industry Tier-1 by Wood McKenzie - will increase the value of the business by 20% and have a lot of flexibility to adapt to different price environments. At the same time, the Upstream unit will be able to reduce emissions by 75% through 2025.



On a profitable path to decarbonization: toward net zero emissions

Repsol's strategic plan is oriented toward the objective of zero net emissions by 2050. Therefore, it is committed to a model that integrates several technological options, uniting electrification with the use of products with a low, neutral, or even a negative carbon footprint and offering solutions to all of society's needs. The combination of different kinds of energy will make it possible to reach the goal of zero net emissions in the most efficient and fastest way and with the lowest cost to individuals.



The Strategic Plan 2021-2025 outlines **new and more ambitious emissions reduction targets**. It aims at a reduction of the carbon intensity by 12% in 2025, 25% in 2030, and 50% in 2040, compared with the previously set objectives of 10%, 20%, and 40%, respectively.

To reduce emissions, Repsol will embrace the best available technologies, minimize its consumption of energy, and digitalize operations to optimize its assets. The company will also manage its portfolio to reduce its carbon intensity, optimizing production, reducing the barrels with the highest carbon intensity, and prioritizing value over volume.

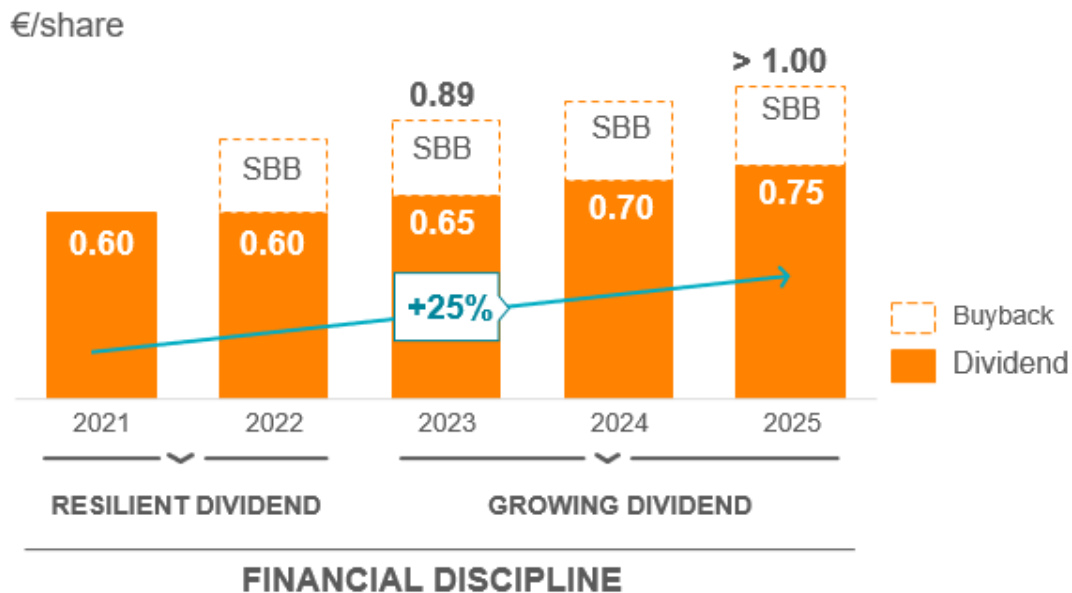
In addition to this, **new zero-emissions businesses** will be created. The pillars supporting them will be customer-centric solutions, renewable generation, the capture and use of CO₂, as well as the industrial transformation that will be based, primarily, on renewable hydrogen, sustainable biofuels, the use of waste as raw material, and circularity. All these areas will help Repsol progress in the energy transition and, at the same time, create value and profitability through the decarbonization process.



An attractive proposition to the shareholders

Despite the complex environment, **shareholder remuneration will continue to be a priority for Repsol**. As outlined in the new Strategic Plan, the company will continue to offer one of the most attractive shareholder returns in the industry and the IBEX-35 stock index. In 2021, the dividend will be set at €0.60/share (scrip dividend and cash dividend). This amount will gradually be increased during the time span of the plan to €0.75/share. **By 2025, the shareholder distribution will exceed €1/share**, including the cash payment and a share buy-back that would begin in 2022.

The plan is self-financing even in unfavorable price scenarios, and it will guarantee a strong financial position and a reinforcement of the ratings by the international agencies.





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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 updated quarterly on Repsol's website.

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