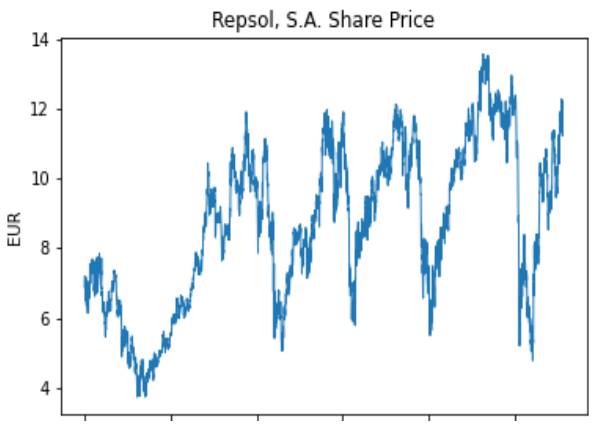
Repsol, S.A.

1. Company Overview

Repsol, S.A. operates as an integrated energy company worldwide. Its Exploration and Production segment engages in the exploration, development, and production of crude oil and natural gas reserves. The company's Industrial segment is involved in refining activities and petrochemicals business; the trading and transportation of crude oil and oil products; and the sale, transportation, and regasification of natural gas and liquefied natural gas (LNG). Its Commercial and Renewables segment engages in the low carbon power generation and renewable sources; sale of gas and power; mobility and sale of oil products; and liquified petroleum gas activities. The company also offers asphalt products; installs, operates, and manages service stations; provides maritime services; constructs and operates oil refineries; refines and markets hydrocarbons; offers human resource services; distributes and supplies electricity; and develops new energy source, solar, and wind projects, as well as produces and markets chemical products, lubricants, and biofuels. Further, it is involved in fuel and special products marketing, research, trading and transport, insurance and reinsurance, technology development, and financing activities; develops nanoparticles and nanofibers for material, energy, and biomedicine applications; provides blockchain technology for retail, energy, and automotive sectors; produces synthetic oil cloths; invests in liquefaction plant project; and offers water treatment technology management services. The company was formerly known as Repsol YPF, S.A. and changed its name to Repsol, S.A. in May 2012. Repsol, S.A. was founded in 1927 and is headquartered in Madrid, Spain.



	Item	Value
0	Price	12.164
1	52 wk range	8.69 - 12.68
2	Beta	1.42
3	EPS (TTM)	1.64
4	Div. Yield	0.05
5	EV/EBITDA	3.98
6	PE (TTM)	7.44
7	P/B (TTM)	0.79

Million EUR	2021	2020	2019	2018	CAGR
Revenue	44529	28249	42478	43578	0.54%
EBIT	4165	-613	2071	3159	7.16%
Net Income	2439	-3343	-3845	2312	1.35%
Net Margin (%)	5.48	-11.83	-9.05	5.31	0.8%
Free Cash Flow	2775	852	1622	1918	9.67%
Stockholder Equity	22414	20295	24928	30628	-7.51%
Equity Multiplier	2.47	2.4	2.3	1.97	5.85%
ROE	10.7	-16.28	-15.25	7.48	9.37%
DPS	0.3	0.78	0.93	0.9	-24.02%
FCF Payout	0.23	0.41	0.24	0.15	9.82%

2. Financial Statements

Balance Sheet (million EUR)	2021	2020	2019	2018	CAGR
Current Assets	**22442**	**13584**	**16487**	**17294**	**6.73%**
Cash	5595	4321	2979	4786	3.98%
Short Term Investments	2451	1584	2800	1711	9.4%
Inventory	5227	3379	4597	4390	4.46%
Net Receivables	7211	3856	5743	5864	5.31%
Non Current Assets	**33812**	**35718**	**41408**	**43484**	**-6.1%**
Propery, Plant & Equipment	21726	20927	23145	25431	-3.86%
Long Term Investments	3687	5944	7246	7227	-15.49%
Intangible Assets	2008	1931	2299	2085	-0.94%
Goodwill	1489	1422	2171	3011	-16.14%
Net Tangible Assets	18917	16942	20458	25532	-7.22%
Total Assets	**56254**	**49302**	**57895**	**60778**	**-1.92%**
Current Liabilities	**17318**	**10519**	**15085**	**12810**	**7.83%**
Short Term Debt	4104	3394	6114	4289	-1.1%
Accounts Payable	5548	2471	3638	3244	14.36%
Non Current Liabilities	**16142**	**18244**	**17601**	**17054**	**-1.36%**
Long Term Debt	7744	9618	8220	9391	-4.71%
Total Liabilities	**33460**	**28763**	**32686**	**29864**	**2.88%**
Total Financial Debt	11848	13012	14334	13680	-3.53%
Capital Lease Obligations	2948.0	2991.0	3133.0	1624.0	16.07%
Total Equity	**22794**	**20539**	**25209**	**30914**	**-7.33%**
Shareholders Equity	**22414**	**20295**	**24928**	**30628**	**-7.51%**
Common Stock	1527	1568	1566	1559	-0.52%
Retained Earnings	15116	13765	16637	21806	-8.75%
Minority Interest	380	244	281	286	7.36%
Invested Capital	**33958.0**	**32863.0**	**39009.0**	**44309.0**	**-6.44%**

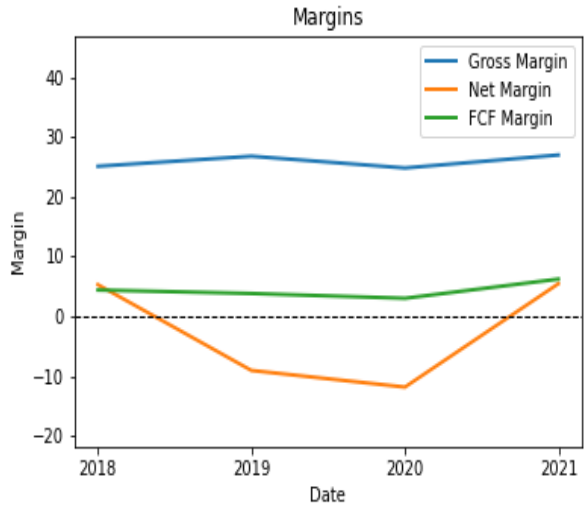
Income Statement (million EUR)	2021	2020	2019	2018	CAGR
Revenue	44529	28249	42478	43578	0.54%
Cost of Revenue	32512	21240	31102	32641	-0.1%
Gross Profit	**12017**	**7009**	**11376**	**10937**	**2.38%**
EBIT	**4165**	**-613**	**2071**	**3159**	**7.16%**
Interest Expense	-406	-540	-576	-540	-6.88%
Tax Expense	1801	16	588	1386	6.77%
Tax Rate	41.6	-0.48	-18.37	41.58	0.01%
NOPAT	2432.23	-615.97	2451.43	1845.36	7.15%
Net Income	**2439**	**-3343**	**-3845**	**2312**	**1.35%**

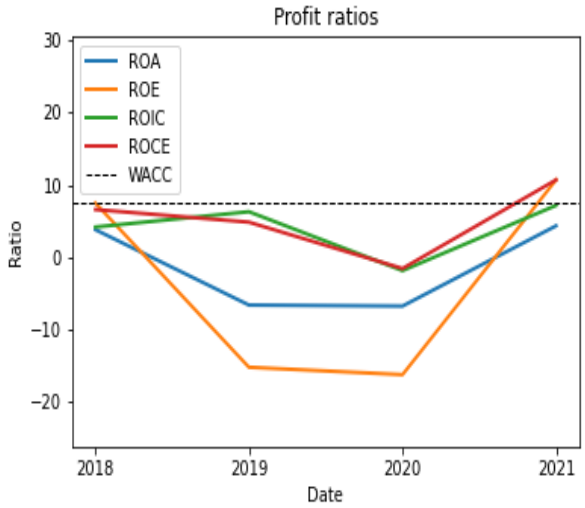
Cash Flow (million EUR)	2021	2020	2019	2018	CAGR
Cash Flow from Operations	**4677**	**2738**	**4849**	**4579**	**0.53%**
Cash Flow from Investing activities	-2933	222	-4407	-1359	21.21%
Cash Flow from Financing activities	-529	-1615	-2289	-3032	-35.37%
CAPEX	-1902	-1886	-3227	-2661	-8.05%
Free Cash Flow	**2775**	**852**	**1622**	**1918**	**9.67%**
Dividends paid	-625	-346	-396	-297	20.44%
Stock Issuance	1147	1879	67	213	52.33%
Stock Repurchase	-1529	-1371	-1911	-1808	-4.1%
Change in Cash	1274	1342	-1807	185	61.99%

3. Financial Performance

Margin and Profit Ratios

	2021	2020	2019	2018	CAGR
Gross Margin (%)	26.99	24.81	26.78	25.1	1.83%
Net Margin (%)	5.48	-11.83	-9.05	5.31	0.8%
FCF Margin (%)	6.23	3.02	3.82	4.4	9.08%
ROA (%)	4.34	-6.78	-6.64	3.8	3.32%
ROE (%)	10.7	-16.28	-15.25	7.48	9.37%
ROIC (%)	7.16	-1.87	6.28	4.16	14.52%
ROCE (%)	10.7	-1.58	4.84	6.59	12.89%
Current Ratio	1.3	1.29	1.09	1.35	-1.02%
Acid Ratio	0.99	0.97	0.79	1.01	-0.33%
Equity Multiplier	2.47	2.4	2.3	1.97	5.85%
Debt/Equity	0.65	0.78	0.69	0.5	7.01%
Interest Coverage	10.26	-1.14	3.6	5.85	15.08



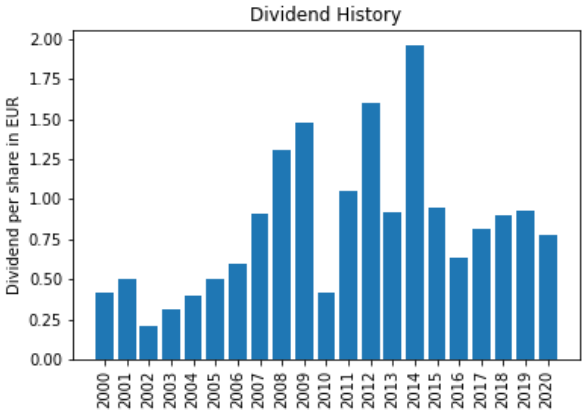


Weighted Average Cost of Capital (WACC)

WACC = (Equity Weight × Cost of Equity) + (Debt Weight × Cost of Debt × (1- Tax Rate))

Equity Weight	59.06%
Debt Weight	40.94%
Beta	1.42
10 year US bond	2.34%
Equity Risk Premium	5.72%
Cost of Equity (Re)	10.45%
Cost of Debt (Rd)	3.81%
Tax Rate	20.56%
WACC	**7.41%**

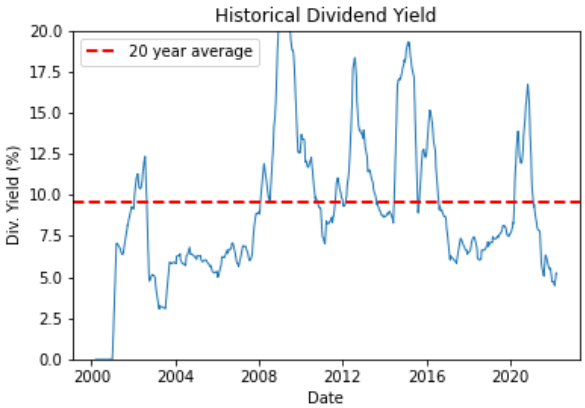
4. Dividends



Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
DPS	1.05	1.6	0.92	1.96	0.95	0.63	0.81	0.9	0.93	0.78	0.3

	2021	**2020**	**2019**	**2018**	**CAGR**
Payout	0.26	-0.1	-0.1	0.13	18.84%
FCF Payout	0.23	0.41	0.24	0.15	9.82%

Repsol, S.A.'s historical dividend yield:



Repsol, S.A.'s current dividend yield is 4.93%.

Current Dividend Yield	4.93%
5 yr. avg. yield (%)	8.04%
10 yr. avg. yield (%)	10.11%
20 yr. avg. yield (%)	9.58%

5. Comparison with similar companies/competitors

The following companies are considered:

- TotalEnergies SE
- Shell plc
- BP p.l.c.

	REP.MC	TTE.PA	SHELL.AS	BP.L
Currency	EUR	EUR	EUR	GBp
Price	12.164	47.6	25.325	391.7
Market Cap	17.93B	123.23B	193.18B	76.29B
Enterprise Value	23.90B	156.21B	245.57B	130.26B
Beta	1.42	1.08	0.84	0.76
Revenue (ttm)	44.53B	184.63B	261.50B	156.79B
Revenue Growth (yoy)	193.7 %	70.9 %	93.9 %	83.0 %
EBITDA	6.01B	36.84B	45.63B	23.81B
Net Income (ttm)	2.44B	16.03B	20.10B	7.56B
Free Cash Flow (ttm)	2.88B	13.18B	18.69B	13.80B
EPS (ttm)	1.64	5.38	2.33	28.3
DPS	0.63	3.0	0.89	0.22
Payout	36.59 %	51.89 %	31.91 %	57.13 %
Div. Yield (ttm)	5.25 %	6.43 %	3.58 %	0.06 %
Div. Yield (5yr)	7.09 %	6.07 %	6.14 %	6.82 %
Total Debt (mrq)	14.80B	64.92B	89.09B	69.79B
Debt/Equity (mrq)	64.91 %	56.45 %	50.81 %	77.17 %
Current Ratio	1.3	1.17	1.35	1.15
Cash/Share (mrq)	6.2	12.91	4.85	1.58
ROE (ttm)	11.67 %	14.81 %	12.36 %	9.64 %
ROA (ttm)	4.93 %	5.23 %	3.96 %	2.99 %
Gross Margin (ttm)	26.99 %	34.92 %	24.0 %	24.29 %
Operating Margin (ttm)	9.35 %	12.68 %	9.49 %	8.47 %
EBITDA Margin (ttm)	13.49 %	19.95 %	17.45 %	15.19 %
Trailing P/E	7.44	8.85	10.85	13.84
Forward P/E	5.76	6.49	9.28	5.37
PEG (5yr)	0.13	0.1	1	0.22
P/B	0.79	1.11	1.13	101.98
EV/EBITDA	3.98	4.24	5.38	5.47

6. Definitions

Acid Ratio:

The acid ratio, commonly known as the quick ratio, uses a firm's balance sheet data as an indicator of whether it has sufficient short-term assets to cover its short-term liabilities while disregarding current assets that are difficult to liquidate such as inventory.

Beta:

Beta is a measure of the volatility - or systematic risk - of a security portfolio compared to the market as a whole. A security's beta is calculated by dividing the product of the covariance of the security's returns and the market's returns by the variance of the market's returns over a specified period.
A beta that is less than 1.0 means that the security is theoretically less volatile than the market (e.g. Utilities). A beta that is greater than 1.0 indicates that the security is theoretically more volatile than the market. For example, if a stock's beta is 1.2, it is assumed to be 20% more volatile than the market (e.g. Technology and small caps).

CAPEX:

Capital Expenditures (CapEx) are funds used by a company to acquire, upgrade, and maintain physical assets such as propery, plants, buildings, technology, or equipment.

Cash Flow from Financing activities:

Cash Flow from Financing activities shows the net flows of cash that are used to fund the company. Financing activities include transactions involving debt, equity and dividends.

Cash Flow from Investing activities:

Cash Flow from Investing activities reports how much cash has been generated or spent from various investment-related activities in a specific period. Investing activities include purchases of physical assets, investments in securities, or the sale of securities or assets.

Cash Flow from Operations:

Cash Flow from Operations, Cash Flow from Operating activities (CFO), Operating Cash Flow, indicates the amount of money a company brings in from its ongoing, regular business activities. CFO focuses only on the core business.

Cost of Revenue:

Cost of Revenue refers to the total cost of manufacturing and delivering a product or service to customers. It represents the direct costs associated with the goods and services the company provides.

Current Assets:

Current Assets represent all the assets of a company that are expected to be conveniently sold, consumed, used, or exhausted through standard business operations with one year.

Current Liabilities:

Current Liabilities are a company's short-term financial obligations that are due within one year or within a normal operaing cycle.

Current Ratio:

Current Ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It is typically calculated by diving current assets by current liabilities.

EBIT:

Earnings before Interests and Taxes. EBIT is also referred to as operating earnings or operating profit. EBIT focuses solely on a company's ability to generate earnings from operations, ignoring variables such as the tax burden and capital structure.

EBITDA:

Earnings before Interests, Taxes, Depreciation, and Amortization.

Equity Multiplier:

Equity Multiplier is the ratio of total assets to equity. A healthy financial leverage should lie below 4.5, depending on industry.

EV/EBITDA:

The EV/EBITDA multiple is a financial valuation ratio that measures a company's return on investment (ROI). The EV/EBITDA ratio may be preferred over other measures of return because it normalizes differences in capital structure, taxation, and fixed asset accounting.

The EV/EBITDA for the S&P500 has typically averaged from 11x to 14x over the last few years. An EV/EBITDA below 10x is commonly interpreted as healthy and attractive by investors.

EV/Revenue:

EV/Revenue is a financial valuation measure that compares the enterprise value of a company to its annual revenue.

EV/Revenue multiples are usually found to be between 1x and 3x.

FCF Margin:

Free Cash Flow related to total Revenue. A FCF Margin higher than 5% indicates a very good performance.

Goodwill:

Goodwill is an intangible asset that is associated with the purchase of one company by another. Specifically, goodwill is the portion of the purchase price that is higher than the sum of the net fair value of all of the assets purchased in the acquisition and the liabilities assumed in the process. Special care should be taken if the goodwill of a company (and overall intangible assets) represents a large portion of the total assets.

Intangible Assets:

An intangible asset is an asset that is not physical in nature, such as goodwill, brand recognition and intellectual property. Intangible Assets can have a great importance for certain companies (e.g. Coca-Cola).

Interest Coverage:

The interest coverage ratio is a debt and profitability ratio used to determine how easily a company can pay interest on its outstanding debt. The interest coverage ratio is calculated by dividing a company's EBIT by its interest expense during a given period. As a general rule, the higher the better. When a company's interest coverage ratio is only 1.5x or lower, its ability to meet interest expenses may be questionable.

Invested Capital:

Invested capital is the total amount of money raised by a company by issuing securities to equity shareholders and debt to bondholders, where the total debt and capital lease obligations are added to the amount of equity issued to investors. Invested capital is not a line item in the company's financial statement because debt, capital leases, and stockholder's equity are each listed separately in the balance sheet.

Companies must generate more in earnings than the cost to raise the capital provided by bondholders, shareholders, and other financing sources, or else the firm does not earn an economic profit. Businesses use several metrics to assess how well the company uses capital, including return on invested capital, economic value added, and return on capital employed.

Minority Interest:

A minority interest is ownership or interest of less than 50% of an enterprise. The term can refer to either stock ownership or a partnership interest in a company. The minority interest of a company is held by an investor or another organization other than the parent company. It may also be referreed as non-controlling interests.

Net Tangible Assets:

Total assets of a company minus all intangible assets and liabilities.

PEG:

The Price/Earnings-to-Growth (PEG) ratio is a stock's price-to-earnings (P/E) divided by the growth rate of its earnings for a specific time period. The PEG ratio is used to determine a stock's value while also factoring in the company's expected earnings growth, and it is thought to provide a more complete picture than the more standard P/E ratio. As a broad rule of thumb, some investors feel that a PEG ratio below one is desirable. According to well-known investor Peter Lynch, a company's P/E and expected growth should be equal, which denotes a fairly valued company and supports a PEG

ratio of 1.0. Nevertheless, the accuracy of the PEG ratio depends on the inputs used and is based on future predictions that may not be fully reliable.

ROA:

Return on Assets = Net Income / Total Assets.

ROA gives investors an idea of how effective a company is in converting the money it invests into net income. A ROA of over 5% is generally considered good and over 20% excellent. However, ROAs should always be compared among firms in the same sector.

ROE:

Return on Equity = Net Income / Equity.

While ROA accounts for a company's debt by considering the Total Assets (which can be financed by either equity or debt), ROE does not. The more leverage and debt a company takes on, the higher ROE will be relative to ROA. Thus, as a company takes on more debt, its ROE would be higher than its ROA. A company that is able to sustain ROEs higher than 10% without a high financial leverage may be worth investing. Nevertheless, ROEs shall be compared among firms in the same sector. For example, utilities have many assets and debt compared to a relatively small amount of net income and generally have ROEs around 10% or less, while technology or retail firms with smaller balance sheet accounts relative to net income tend to have higher ROEs such as 18% or more.

ROCE:

Return on Capital Employed = EBIT / (Total Assets - Current Liabilities).

ROCE is a financial ratio that can be used to assess a company's profitability and capital efficiency. ROCE can be especially useful when comparing hte performance of companies in capital-intensive sectors, such as utilities and telecoms, since ROCE considers both debt and equity. ROCE is very similar to ROIC. ROCE uses capital employed while ROIC uses invested capital. Capital employed is found by substracting current liabilities from total assets, which ultimately gives you shareholder's equity plus long-term debts. In general, both ROIC and ROCe should be higher than a company's weighted average cost of capital (WACC) in order for the company to be profitable in the long term.

ROIC:

Return on Invested Capital = NOPAT / Invested Capital.

NOPAT = EBIT x (1- Tax Rate).

Invested Capital = Net Operating Assets = Operating Assets - Operating Liabilities.

Operating Assets = Total Assets - Cash

Operating Liabilities = Total Assets - Short Term Debt - Long Term Debt - Minority Interest - Equity

ROIC is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. ROIC gives a sense of how well a company is using its capital to generate profits. Comparing a company's ROIC with its WACC reveals whether invested capital is being used effectively.

Weighted Average Cost of Capital (WACC):

The weighted average cost of capital (WACC) represents a firm's average cost of capital from all sources, including common stock, preferred stock, bonds, and other forms of debt.

The weighted average cost of capital is a common way to determine the required rate of return because it expresses, in a single number, the return that both bondholders and shareholders demand in order to provide the company with capital. The WACC is likely to be higher if a stock is relatively volatile or if its debt is seen as risky because investors will demand greater returns.

WACC is calculated as follows:

$$\text{WACC} = \left(\frac{E}{V} \times Re\right) + \left(\frac{D}{V} \times Rd \times (1 - Tc)\right)$$

where:

$E = \text{Market value of the firm's equity}$

$D = \text{Market value of the firm's debt}$

$V = E + D$

$Re = \text{Cost of equity}$

$Rd = \text{Cost of debt}$

$Tc = \text{Corporate tax rate}$

Cost of Equity (Re) can be a bit tricky to calculate because share capital does not technically have an explicit value. When companies reimburse bondholders, the amount they pay has a predetermined interest rate. On the other hand, equity has no concrete price that the company must pay. As a result, companies have to estimate cost of equity.

Because shareholders will expect to receive a certain return on their investments in a company, the shareholders required rate of return is a cost from the company's perspective; if the company fails to deliver this expected return, shareholders will simply sell of their shares, which leads to a decrease in share price and in the value of a company. The cost of equity, then, is essentially the total return that a company must generate in order to maintain a share price that will satisfy its investors.