Big Oils

1Q25 Preview: Looking for differentiated growth, balance sheets and cash returns

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With 1Q now complete, we publish our early take on the European Oils' earnings and cash flow during the quarter. **In a range-bound macro environment for oil, we favour names with strong E&P growth in the near term, differentiated balance sheets and superior cash returns to shareholders.** Leveraging our Top Projects database, we highlight Repsol for its strong upstream growth in the GoM and Alaska and its underappreciated US gas exposure (25% of production). **We highlight the following for 1Q25:**

1) Looking at 1Q25, we are seeing a broadly flat Brent price (+2% qtd), while European and US gas prices are up 7%/29% qtd respectively. Among Big Oils, we expect **Repsol** to benefit from its US gas exposure in 1Q25. In this note, we decrease our 2025 Brent price assumption to $72.5/bbl from $75/bbl previously to reflect our commodities team lowering their Brent range by $5/bbl to $65-80. We note the divergence between the performance of the equities and the oil price with our European Oils coverage up c.17% YTD, outperforming a flat Brent price (+1% YTD).

2) Differentiated cash flow growth and capex flexibility: Amid a potentially softer oil and commodity macro environment in 2025 versus 2023/2024, we continue to prefer names with catalysts that can drive idiosyncratic outperformance, namely differentiated cash flow growth driven by a ramp-up in E&P volumes and flexibility to contain or reduce capex to boost FCF. In this context, we highlight **Galp** as the Bacalhau start-up in 2025 provides 20% production growth over 2025-26, and **Shell** on a number of project start-ups/ramp-ups including GoM, Brazil and LNG Canada. In terms of capex flexibility, we highlight **Repsol** with US unconventional spending being one element of capex flexibility, further aided by asset rotation and disposals; also, **Shell's** focus on capital discipline stands out with further opportunities for cost-cutting.

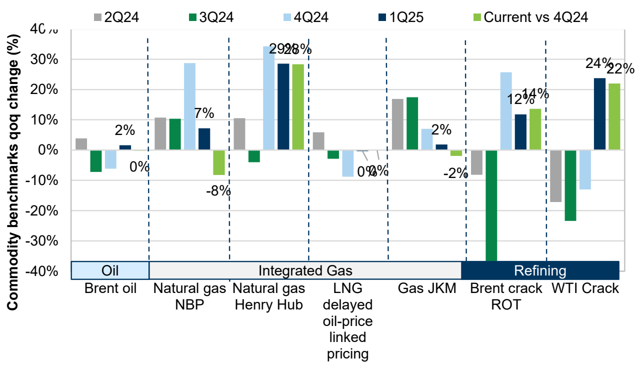
3) Strong balance sheets and value crystallization through disposals: we highlight Saudi Aramco, Equinor, Shell and Galp for their strong balance sheets. Amongst EU Big Oils, we highlight Repsol, BP and ENI for having the most significant divestment opportunities over the coming years, equivalent to

37%/27%/19% respectively of their market cap.

4) Attractive shareholder returns with 11.6% average in 2025 for EU Oils: EU Big Oils currently offer an average 5.9% dividend yield (2025E), with buybacks contributing a 5.7% further yield for the group on average, resulting in 11.6% total cash returns to shareholders in 2025, on our estimates. **Repsol, TotalEnergies** and **Shell** have the highest shareholder returns both in 2025E/26E.

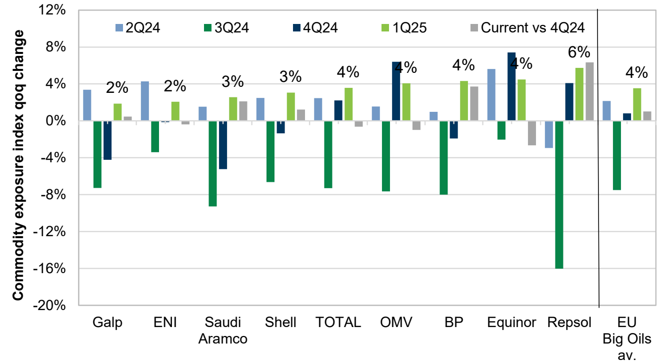
1Q25 preview: Thesis in charts

Exhibit 1: In 1Q25, we see broadly flat Brent and higher TTF qtd, while US gas prices are up by c.30%...
Qoq change in key macro commodity benchmarks (%)



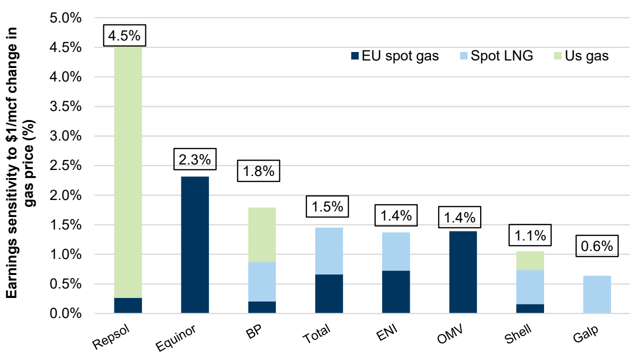
Source: Thomson Reuters Eikon, Goldman Sachs Global Investment Research

Exhibit 2: ..supporting companies with higher exposure to downstream and US gas (Repsol)
GS Commodity Exposure index qoq change and current level vs. 4Q24



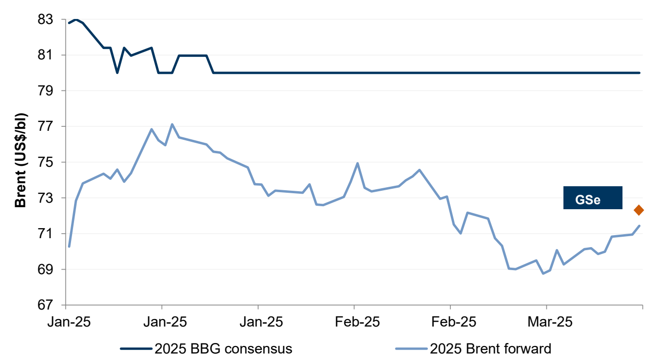
Source: Thomson Reuters Eikon, Company data, Goldman Sachs Global Investment Research

Exhibit 3: Repsol also has the highest exposure to US gas prices among European Oils
Cash flow sensitivity to $1/mcf change in gas price (%)



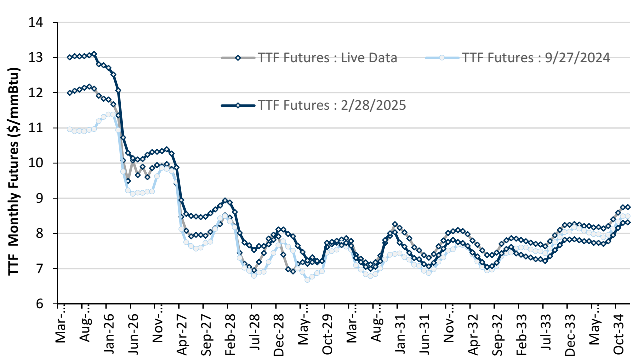
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: Our $72.5/bbl 2025 Brent oil price assumption is sitting c.$1/bbl above 2025 Brent forwards
2025 Brent forward vs 2025 Brent Bloomberg consensus



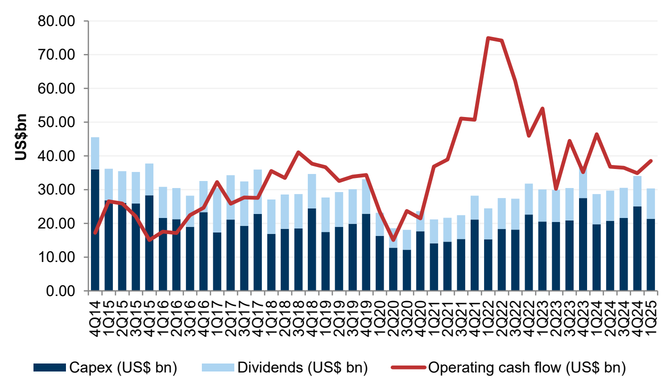
Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 5: European gas prices have edged down on discussions around a potential end to the Russia-Ukraine war
Europe (TTF) Natural Gas forward curve ($/MMBtu)



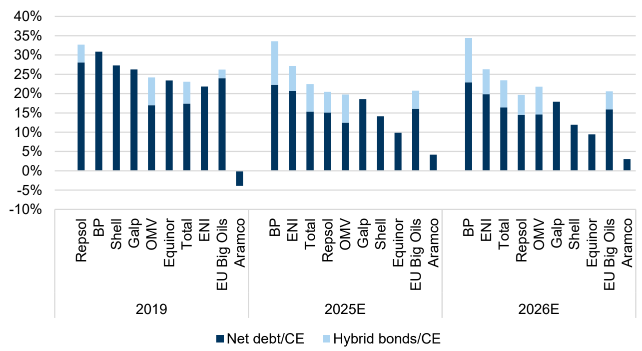
Source: Bloomberg

Exhibit 6: We model 10% higher OCF for the sector in 1Q qoq...
EU Big Oils quarterly OCF vs. capex and dividend commitments (US$bn)



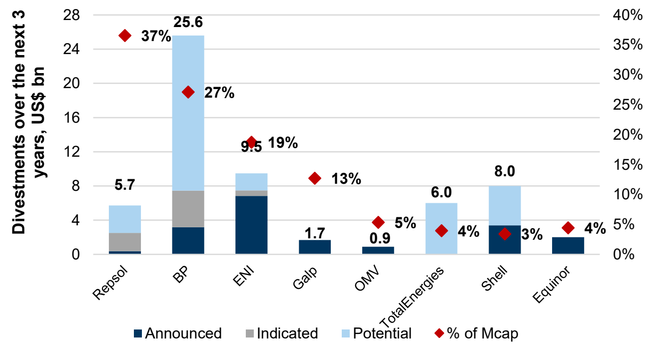
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 7: The sector has de-geared significantly in the last five years, with Aramco, Equinor and Shell having the strongest balance sheets
Net debt/capital employed and hybrid bonds/capital employed in 2019/2025E/2026E



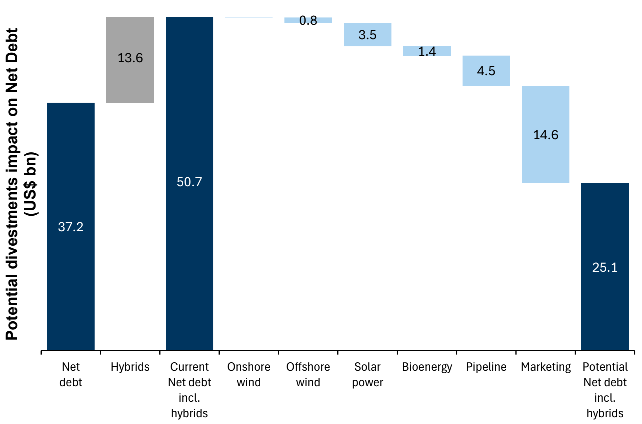
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 8: Amongst EU Big Oils, we highlight BP, Repsol and Eni having the most significant divestment programmes in place
Companies' divestments over the next 3 years, US$ bn



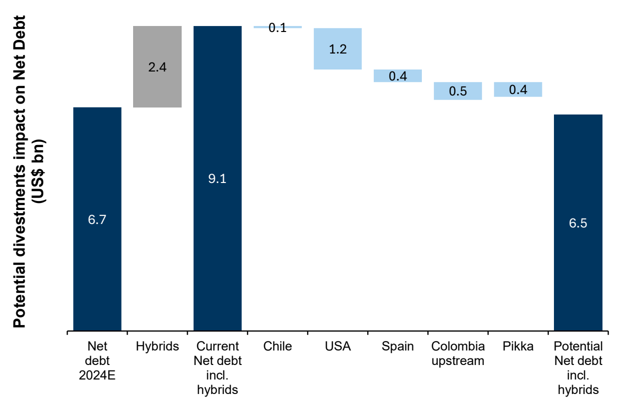
Source: Goldman Sachs Global Investment Research

Exhibit 9: We estimate US$26 bn of potential divestments from which could bring gearing down to below the sector average
BP potential divestments impact on Net Debt (US$)



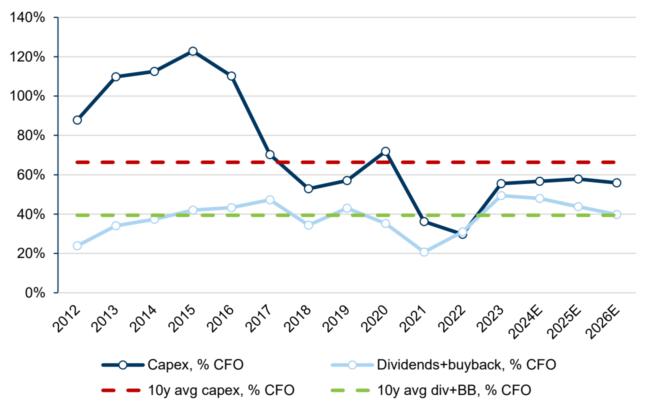
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 10: Repsol could potentially deleverage up to US$2.7 bn through its low carbon asset rotation and E&P divestments
Repsol potential low carbon divestments impact on Net Debt (US$)



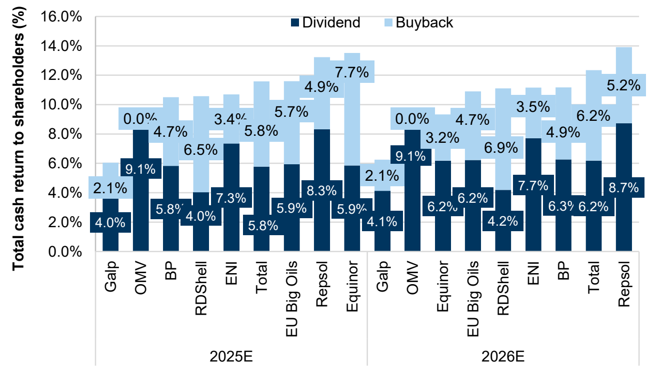
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 11: Despite a capex uptick, we expect capex to account for 58% of CFO in 2025 compared to c.70% 10y hist avg for EU Big Oils
EU Oils vs US Oils capex intensity, % CFO



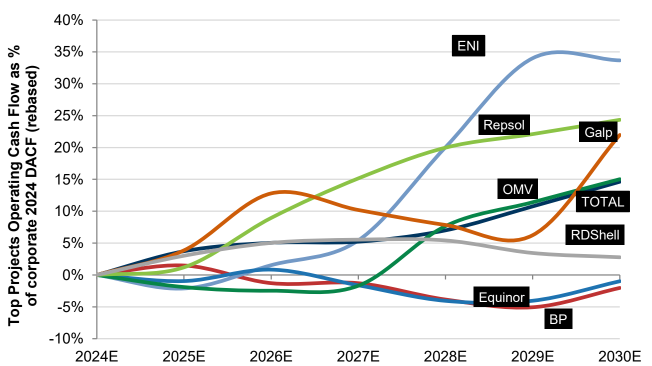
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 12: We see attractive shareholder returns of 11.6% on average in 2025E for EU Oils
Total cash returns to shareholders split between dividends and buybacks (%)



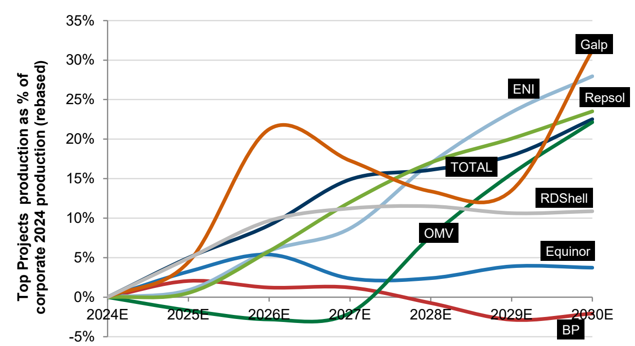
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 13: Leveraging our Top Projects analysis, Galp and Repsol screen best in terms of cash flow growth by 2026
Top Projects OCF as % of 2024 corporate DACF



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 14: Galp and Shell stand out in terms of production growth expected from Top Projects on 3Y horizon…
Top Projects production as % of corporate 2024 production



Source: Company data, Goldman Sachs Global Investment Research

EU Integrated Oil top ideas and 12-month price targets

- **Shell**, in our view, has the highest quality combination of assets in the sector, with leading global LNG and marketing businesses and a strong chemical presence. Ongoing capital discipline has aided the repositioning of Shell's upstream portfolio higher on the profitability cost curve. We expect this positive trend to continue, driven by material upside to operational performance in both deepwater (Brazil and GoM) and LNG asset uptime. Leveraging our Top Projects analysis, we believe a strong pipeline of Oil & Gas projects can help sustain high cash flows for a number of European Big Oils, with Shell screening among the best on production and cash flow uplift over the next four years.
- **Galp** has an attractive upstream asset base, with a high quality pipeline of upstream projects driving 20% production growth by 2026E vs 2024E on our estimates, mainly driven by the start-up of Bacalhau, exploration optionality in Namibia, balance sheet strengthening and value accretive low carbon business with a strong focus on returns.
- In our view, **Repsol** has the most compelling energy transition story, having generated the most value from low carbon businesses as a % of its EV (c.28%). Repsol currently trades at the lowest multiple in the sector (3.6x 2025E EV/DACF; a 17% discount to the sector and a 41% discount to its 10-year history). Repsol has strong capital discipline helped by material asset disposals, and we see a strong recovery for US gas in 2025 (25% of Repsol's production).
- We view **Aramco** as the most defensive of the Big Oils, driven by: 1) leading balance sheet strength, with the lowest balance sheet gearing level among global IOCs (with ND/CE of c.3% in 2024E), which we expect to continue to support the company's commitment to a new dividend policy; and 2) the lowest cost position in the sector coupled with strong ongoing capital discipline and the strongest FCF conversion in the sector, which positions it well for the uncertain environment we see in H2'24. Aramco is now trading at c.16x P/E 2025E, or a c.15% discount vs 5y average.
- **ENI** is transforming into a higher return business on our estimates, driven by leading exploration success, disposals and a strong pipeline of project startups, and is also aided by strong execution in the Global Gas & LNG segment. We see its variable dividend policy complemented by share buybacks as attractive for shareholders, offering 10.4/11.0% in total returns in 2025/26E.
- **BP** has some unique characteristics, with its successful trading organization, large and integrated US exposure and profitable position in deepwater, integrated gas and convenience. For FY25, on our estimates BP offers an 11.6% FCF yield, second highest among EU majors.
- **Var Energi** offers a superior growth profile with Balder X and Johan Castberg start-ups in 2025E, representing >30% of production in 2026E and supporting an attractive 14.9% 2025E dividend yield. We also expect Var Energi's gas hedging programme to help the company price above EU spot gas prices in 2025E.

We update our yearly estimates to reflect the most recent newsflow and latest macro commodity conditions as well as company-specific updates. We decrease our 2025 Brent price assumption to $72.5/bbl from $75/bbl, in line with our commodities team who revised down their Brent forecast by $5/bbl to a $65-80 range (see more details in the section *"1Q25 financial summary"*). Overall, our changes result in -6/-11% changes to yearly 2025/26E EPS estimates for EU Big Oils.

Exhibit 15: 12-month price targets, implied upside and key risks to our views and PTs

Pricing as of market close of March 31, 2025

		Currency	Target Price	Current Price	*Potential upside*	Rating	Methodology (applied to 2026E cash flow unless otherwise indicated)	Key risks
EU Integrated Oils	**BP**	p	**530**	436	*22%*	Buy	*5.3x EV/DACF*	*Lower oil and gas prices or exploration success than we expect, negative surprise to growth or capex*
	BP ADR	US$	**40**	34	*18%*	Buy	*5.3x EV/DACF*	*Lower oil and gas prices or exploration success than we expect, negative surprise to growth or capex*
	ENI	€	**17**	14	*19%*	Buy	*5.25x EV/DACF*	*Lower oil prices and refining margins; ramp up issues in Kashagan, downstream restructuring failure*
	Equinor	NKr	**270**	279	*-3%*	Sell	*3.75x EV/DACF*	*Higher oil and gas prices than we expect, better than expected cost efficiency outcome and production*
	Galp	€	**21**	16	*29%*	Buy	*SOTP*	*Lower oil prices or less exploration success than we expect, negative surprise to growth or capex*
	OMV	€	**42**	48	*-12%*	Neutral	*5.5x EV/DACF*	*Lower/Higher oil prices/refining margins or exploration success than we expect, worse/better than expected cost efficiency outcomes or value realised from proposed asset sale/swaps*
	RD/Shell A	€	**44**	34	*30%*	Buy	*4.95x EV/DACF*	*Lower oil prices and refining margins, negative surprise to growth or capex*
	RD/Shell A ADR	US$	**92**	73	*26%*	Buy	*4.95x EV/DACF*	*Lower oil prices and refining margins, negative surprise to growth or capex*
	Repsol*	€	**16**	12	*30%*	Buy	*4.5x EV/DACF*	*Lower oil prices or refining margins than we expect or negative surprise to growth or capex or distributions to shareholders*
	TotalEnergies	€	**64**	60	*7%*	Neutral	*5.6x EV/DACF*	*Lower/Higher oil prices and refining margins; ramp up issues/acceleration in projects under development*
	Saudi Aramco	SR	**35**	27	*31%*	Buy	*19x PE*	*Lower oil prices, FX risk due to peg of SAR to US$, geopolitical risks.*
					18%			
EU E&Ps	**Var Energi**	NKr	**41**	34	*21%*	Buy	*NAV*	*Lower oil and gas prices or less exploration success than we expect, negative surprise to growth or capex, worsening in shareholders remuneration policy*
	Aker BP	NKr	**260**	250	*4%*	Neutral	*NAV*	*Lower/Higher oil and gas prices or less/more exploration success than we expect, negative/positive surprise to growth or capex, worsening/improvement in shareholders remuneration policy*

** Denotes Conviction List membership*

Source: Factset, Company data

2025 Macro outlook: We revise 2025 Brent price forecast in our models to $72.5 from $75/bbl before

Our Commodity Price Index has slightly recovered over recent weeks, up c.1% currently qoq vs 4Q24, primarily driven by the ongoing recovery in refining margins and higher US gas prices

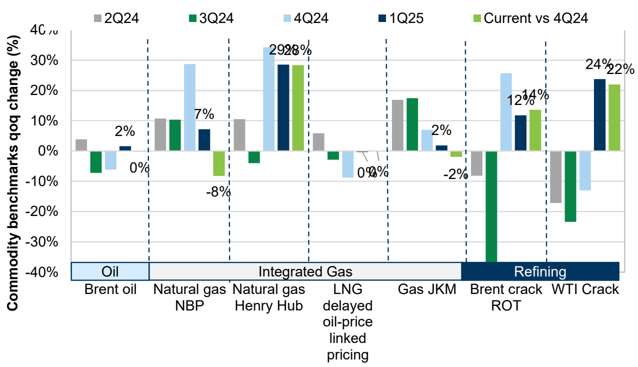
Our Commodity Price Exposure index for the integrated Oil & Gas companies in our coverage takes into consideration each company's exposure to oil prices, global natural gas prices (European NBP, US Henry Hub, LNG oil-price linked and other global gas) and global refining margin benchmarks (Europe, US, Asia). Our index captures the absolute commodity price exposure of each company based on the performance of production and commodity price metrics. Our results, shown in Exhibit 17, indicate that on average **EU Big Oils are seeing an increase in their commodity price index, +3% qoq vs. 4Q24 and +1% spot vs 4Q24.** Companies with higher exposure to US gas prices and refining margins (Repsol) are seeing the largest increase in their commodity price index, while companies with higher exposure to spot Brent (Galp, ENI) are witnessing the smallest increase.

In 1Q24, Brent price is up 2% qtd, despite slipping below $70/bbl in early March; at the same time, we are seeing c.14% higher European refining margins qtd. EU and Asian gas prices have increased by 7%/2% qtd, while US gas prices increased by 29%. On a longer-term basis, we remain constructive on oil given the continuing tight market as we remain more cautious on gas prices from 2027-30. We note the divergence between equities and oil price performance with our European Oils coverage up c.17% ytd, outperforming a flat Brent price (+1% ytd).

- **Oil: Upside risks to prices in the short term from potentially lower Iran and Russia supply, but downside risks in the medium term given high spare capacity and potentially softer US GDP growth:** We decrease our 2025 Brent price assumption to $72.5/bbl from $75/bbl previously to reflect our commodities team lowering their Brent range by $5/bbl to $65-80. The $72.5/bbl 2025 Brent price assumption embedded in our models sits c.$1/bbl above 2025 Brent forwards. Brent oil prices have fallen from above $80/bbl in mid-January to $70/bbl despite relatively stable and low inventories. The selloff mostly appears to reflect a shift in market focus from upside risk from lower Russian and Iran supply to downside risk from potentially softer US GDP growth.
- **Gas: Two-sided risks for European gas prices in the near term, although we maintain a negative view for 2027-30:** In mid February, our commodities analysts raised their 2025 forecast as ytd EU gas balances tightened significantly more than expected and raised their Sum25 TTF prices to 50 EUR/MWh from 40 EUR previously. They believe risks to TTF are two-sided. Upside risk to price levels that would maximize oil switching, near 84 EUR/MWh (68% above their forecast), remains should the exceptionally strong power burns seen in February continue, or should Asia LNG demand surprise significantly to the upside. Current forwards (as of 10 February) suggest the market is pricing a 20% probability of this scale upside.

Downside risks to TTF would come primarily from a potential Russia-Ukraine peace deal which could result in incremental Russian gas flows to Europe. On a longer-term basis, as per our Top Projects analysis, we expect the LNG market to see material volume growth, starting in 2025, mostly from Qatar and North America. We believe this supply wave will create a bear cycle for global gas markets that will likely last for a majority of the second half of this decade.

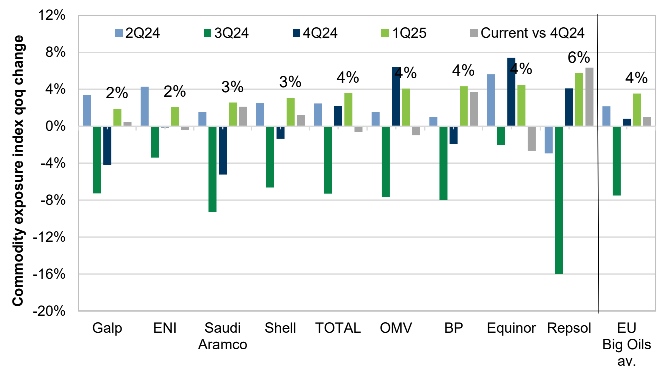
Exhibit 16: In 1Q25, we see broadly flat Brent and higher TTF qtd, while US gas prices are up by c.30%...
Qoq change in key macro commodity benchmarks (%)



NBP is used as a proxy for TTF

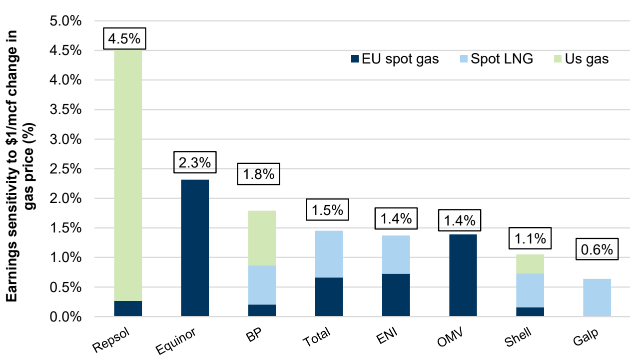
Source: Thomson Reuters Eikon, Goldman Sachs Global Investment Research

Exhibit 17: ..supporting companies with higher exposure to downstream and US gas (Repsol)
GS Commodity Exposure index qoq change and current level vs. 4Q24



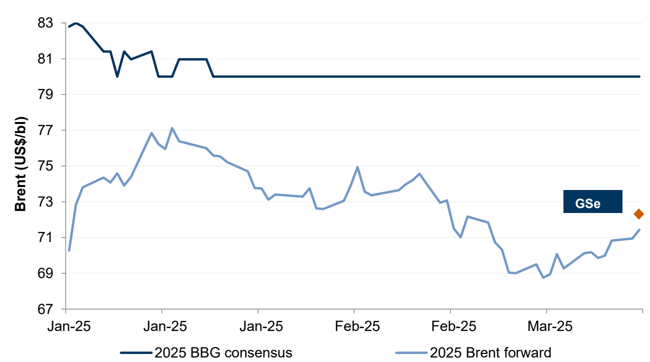
Source: Thomson Reuters Eikon, Company data, Goldman Sachs Global Investment Research

Exhibit 18: Repsol also has the highest exposure to US gas prices among European Oils
Cash flow sensitivity to $1/mcf change in gas price (%)



Source: Company data, Goldman Sachs Global Investment Research

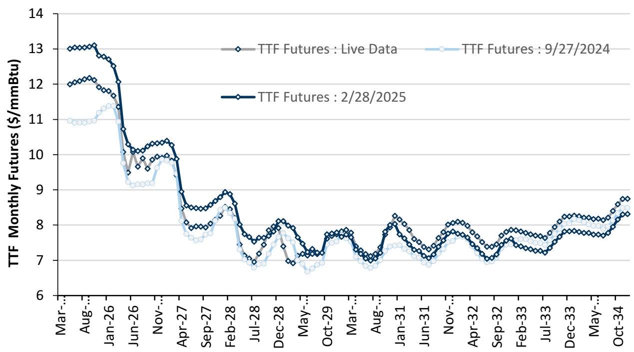
Exhibit 19: Our $72.5/bbl 2025 Brent oil price assumption is sitting c.$1/bbl above 2025 Brent forwards
2025 Brent forward vs 2025 Brent Bloomberg consensus



Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 20: European gas prices have edged down on discussions around a potential end to the Russia-Ukraine war

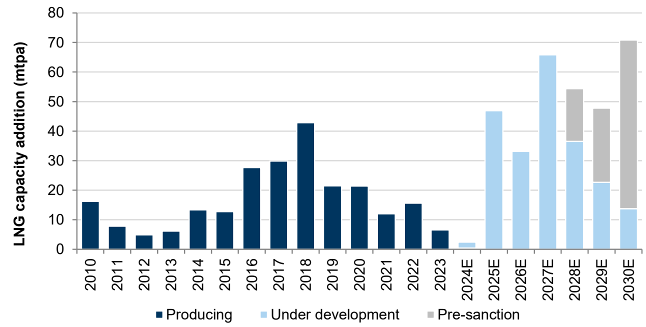
Europe (TTF) Natural Gas forward curve ($/MMBtu)



Source: Bloomberg

Exhibit 21: We see an increase of LNG supply coming in 2025...

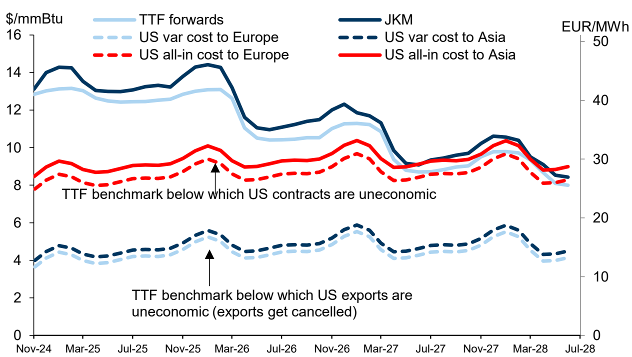
LNG capacity additions in mtpa by country



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 22: ...which could bring TTF prices down to between the US marginal cash cost of LNG of US$4-5/mcf and lignite economics

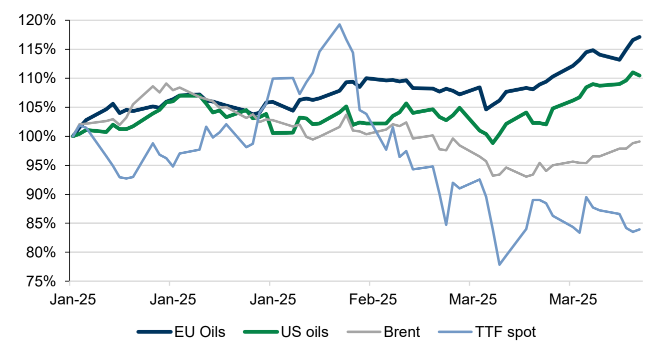
Marginal cash cost economics of US LNG exports, $/mcf



Source: Goldman Sachs Global Investment Research

Exhibit 23: EU Big Oils have outperformed the oil & gas price moves YTD.

EU Big Oils share performance, rebased to Jan-25 %



Source: Eikon Datastream

Focus #1: Differentiated cash flow growth and capex flexibility

Cash flow growth: We highlight Galp and Shell with strongest E&P and cash flow growth in 2025-26E

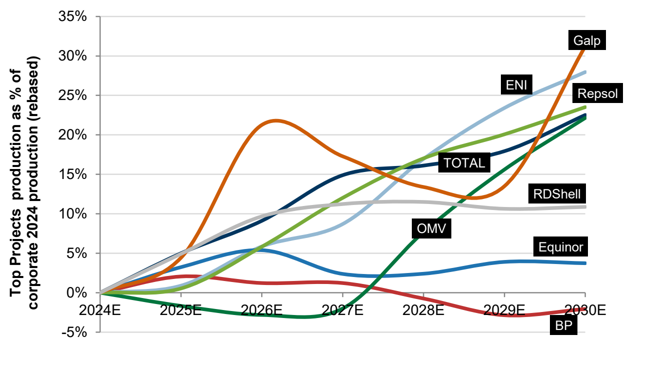
We highlight Galp as name with differentiated E&P volumes and cash flow growth on Bacalhau launch in 2025. Bacalhau is an offshore oil field in a pre-salt area of the Santos Basin, Brazil, containing high-quality crude oil with low sulphur content, with estimated recoverable reserves for Phase 1 of more than 1 bn barrels of oil. Galp, holding an effective 14% stake in the field through Petrogal Brasil JV (70% Galp, 30% Sinopec), has guided to peak production at 220 kbpd. According to the company, Bacalhau FPSO is on route towards Brazil while the drilling campaign is underway, supporting production to start by the end of 2025 (slight delay vs. mid 2025 before). In our Top Projects analysis, Galp's Oil & Gas upstream business stands out relative to the sector for its long-reserve life, differentiated E&P volume growth (>20% by 2026E vs 2024E) and cash flow growth driven by the start up of Bacalhau, which we model at 26 kbpd in 2026 (net to Galp based on its 14% effective stake). Galp stands out on a 3Y-horizon (2024-26E) operating cash flow growth based on our Top Projects analysis.

We also highlight Shell's strong pipeline of upstream projects coming online in 2025-26: Leveraging our Top Projects analysis, we believe the next pipeline of Oil & Gas projects, coupled with our constructive view on commodities, can help sustain high cash flow for Shell in the next two years, with Shell screening among the best on Top Projects production growth in 2025-26E. We expect a number of project start-ups/ramp-ups for Shell in 2024-26, including offshore oil projects in GoM and Brazil (Whale, Vito, Libra) and gas/LNG projects (LNG Canada, Oman Block 10, Prelude FLNG, North Field East LNG expansion). Our Top Projects database shows $5 bn of incremental cash flow from new projects over the next couple of years (2024-26), the most material in the peer group.

Repsol offers one of the best operating cash flow uplifts from Top Projects through 2028, on our estimates. This incremental production is comprised of cash flow generative projects with an average cash flow from operations per barrel produced in these projects, estimated between $33-49/bbl, more than 2x the portfolio's average. Our bottom-up analysis suggests that Repsol could bring an incremental c.200 kboed of production through 2030 from 2023 levels before decline rate (excluding smaller development and tie-backs). The main growth projects include Brazil with BM-C-33 (c.28 kboed, 2028E start-up), the US with Alaska Pikka Phase 1 (c.32 kboed, 2025E start-up) and Leon/Castille (c.19 kboed, 2025E start-up) in the GoM.

Exhibit 24: Galp and Shell stand out in terms of production growth expected from Top Projects on a 3Y horizon...

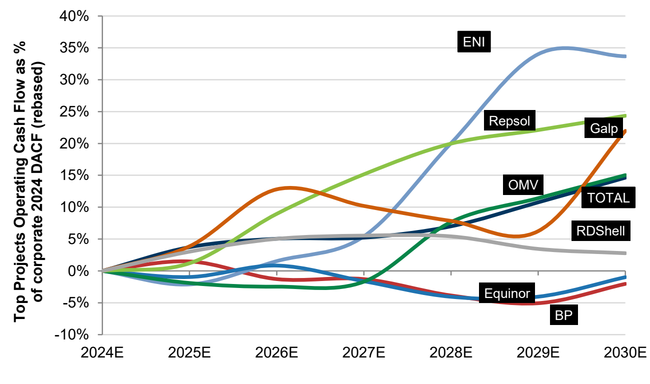
Top Projects production as % of corporate 2024 production



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 25: Leveraging our Top Projects analysis, Galp and Repsol screen best in terms of cash flow growth by 2026

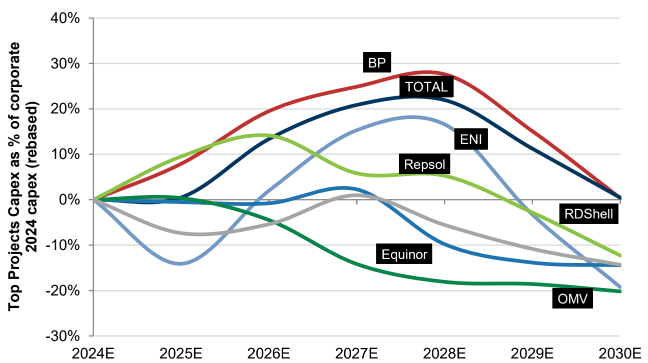
Top Projects OCF as % of 2024 corporate DACF



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 26: Shell has limited capex commitments

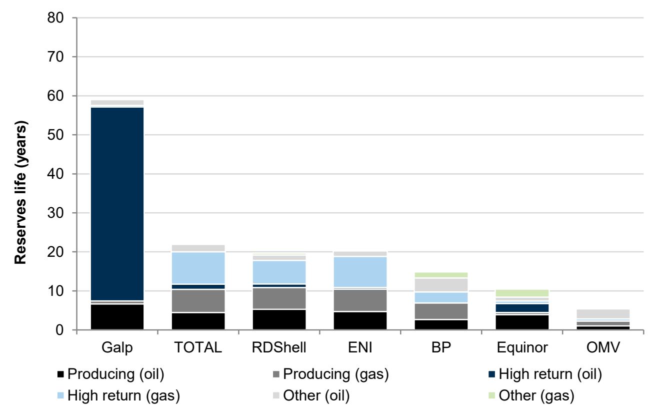
Top Projects 2024 capex as % of 2024 corporate capex (ex-Galp)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 27: Galp has the highest reserve life of the European Big Oils

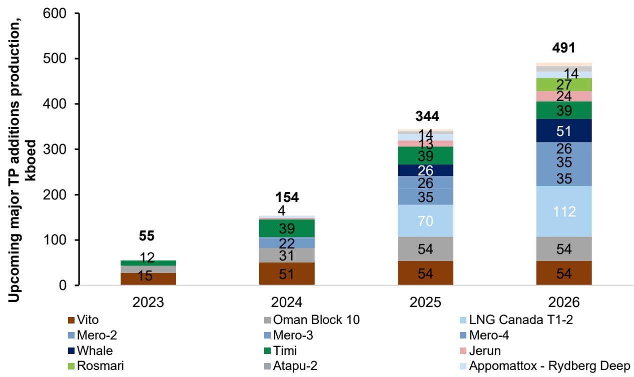
Based on remaining net entitlement volumes vs 2023 production; high return oil projects breakeven <$70/bl; P/I >1.0 for gas



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 28: Our Top project work shows >500 kboed of new production from the giant start-ups since 2023

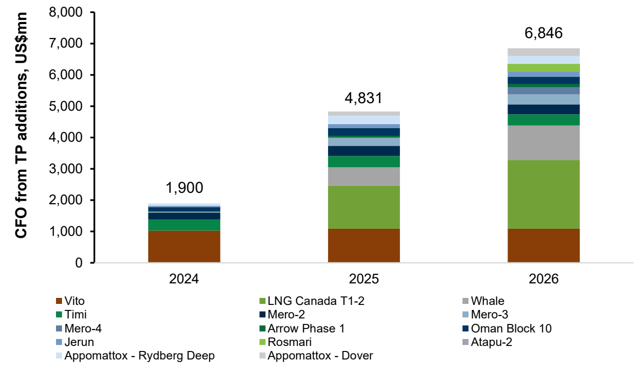
Shell additional production growth from upcoming major Top Projects



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 29: Our Top Projects database shows $5 bn of incremental cash flow from new projects over the next couple of years (2024-26E), the most material in the peer group

Cash flow from operations from Shell's start-up/ramp-up projects, US$ mn



Source: Company data, Goldman Sachs Global Investment Research

Focus #2: Strong balance sheets to navigate uncertain macro environment

In the first half of 2021, the group started to focus on financial de-gearing, as the sector's balance sheet strengthening was largely complete, with all companies reaching/exceeding their gearing/net debt targets. Overall, the sector has de-geared significantly in the last four years. In the current volatile macro environment, we focus on the companies with strong balance sheets where Shell and Saudi Aramco stand out.

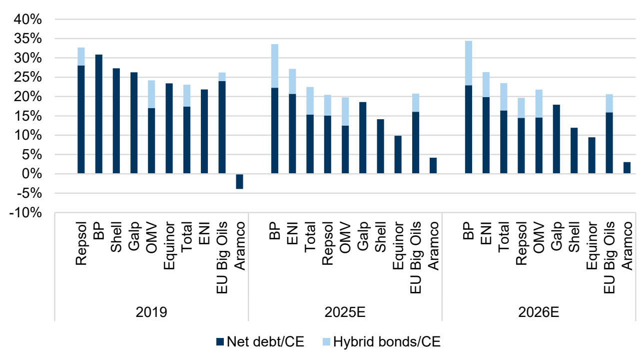
In 4Q, the sector's FCF also benefited from a c.US$9.0 bn working capital release leading to lower sector gearing qoq. TotalEnergies lowered its net debt by c.US$6.7bn qoq in 4Q24, the largest decrease among EU Big oils in 4Q24, supported by a working capital release of US$5.4bn in 4Q24 (including c.US$1.5bn related to exceptional items). On the other hand, **Equinor** saw the largest increase in its net debt among Big Oils, amounting to roughly US$7 bn in 4Q24 due to the Ørsted stake acquisition and US$1.5 bn in exceptional items expected to reverse in 1Q25. Following 4Q24, Equinor's net debt stands at US$6 bn and the company no longer has a net cash position.

In 2024 several companies continued deleveraging despite a weaker oil price environment; Shell and Galp stand out in this respect: Shell has one of the strongest balance sheets among our Big Oils coverage, without any hybrids and no off-balance sheet project financing, as the company continues to deleverage. While Shell's net debt increased by US$3.6 bn in 4Q24, it decreased by US$1.8 bn on an underlying basis before the addition of US$5.4 bn of leases, mostly from LNG Canada. **Overall, Shell decreased its net debt by c.US$5 bn in 2024** and the company's net debt-to-equity ratio decreased from 22.7% at the end of FY23 to 21.1% at the end of 2024. **Galp** decreased its net debt by c.€265mn in 4Q24, aided by a €596mn working capital release. We further expect Galp's net debt to decrease to 18% by end-2025 from 23% as at the end of 2024, thanks to the announced Mozambique divestment. **Overall, we prefer defensive stocks with strong balance sheets, with Shell having one of the strongest balance sheets amid its ongoing deleveraging. At the same time, we view Aramco as having leading balance sheet strength, with one of the lowest balance-sheet gearing levels among global IOCs (maintaining a net cash position that was reached in FY22), which we expect to continue to support the company's commitment to a new dividend policy.**

On the other hand, **BP and Repsol currently have high levels of leverage, but we expect both companies to deliver material disposals in the next 12 months** (which are not included in our models now) to address high leverage. Amongst EU Big Oils, BP has the highest level of ND/CE, including hybrids, equal to 32.7% at the end of 2024 vs EU Big Oils average ND/CE ratio of c.20%. **BP targets to reduce net debt to $14–18bn by end 2027 from $23bn end of 2024 (ex.hybrids and leases)** through the combination of FCF growth, disposals and lower yoy buyback. As mentioned above and previously discussed, we identify US$26 bn in potential divestment opportunities from which BP could source enough disposals to bring gearing including hybrids down to the sector average level: $6.5bn of low-carbon projects, $4.5bn in pipelines and $14.6bn in marketing business.

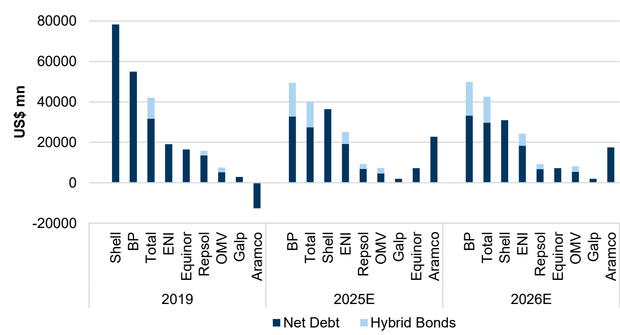
Repsol had levels of ND/CE, including hybrids, equal to 19.2% at the end of 2024E vs. the EU Big Oils average of 19.6%, and will have 18.8% vs 19.3% respectively at the end of 2025, on our estimates. Repsol's management is focused on strengthening the company's balance sheet with an ongoing divestment program, which we estimate could deliver up to $2.5 bn of high-multiple disposals in the next 12 months, in renewables and fields under development.

Exhibit 30: The sector has de-geared significantly in the last five years, with Aramco, Equinor and Shell having the strongest balance sheets
Net debt/capital employed and hybrid bonds/capital employed in 2019/2025E/2026E



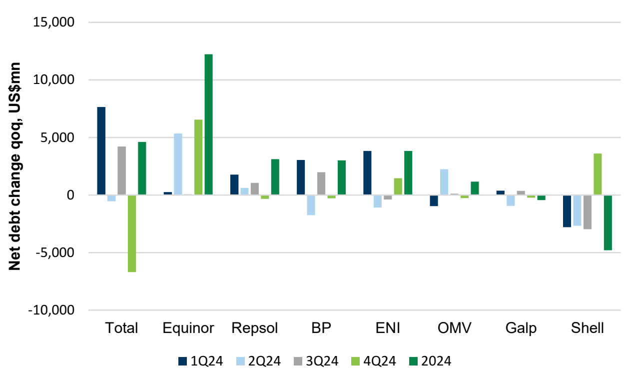
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 31: On the other hand, BP and Repsol currently have high levels of leverage, but we expect both companies to deliver material disposals in the next 12M to address high leverage
Net debt, incl. hybrids, US$mn



Source: Company data, Goldman Sachs Global Investment Research

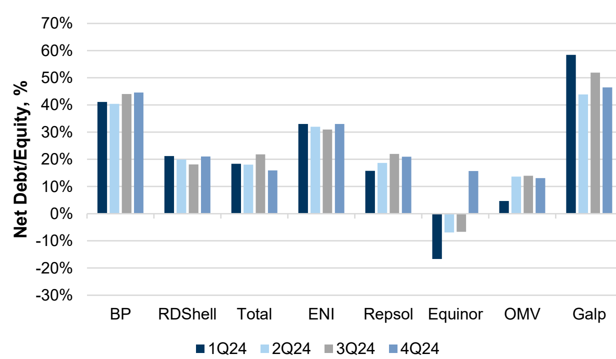
Exhibit 32: We witnessed a divergence in Net Debt dynamics, with only Shell and Galp bringing down net debt in 2024
Quarterly net debt change, US$mn



excl. hybrids

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 33: Shell and Galp stand out in this respect
Quarterly Net debt/equity, %



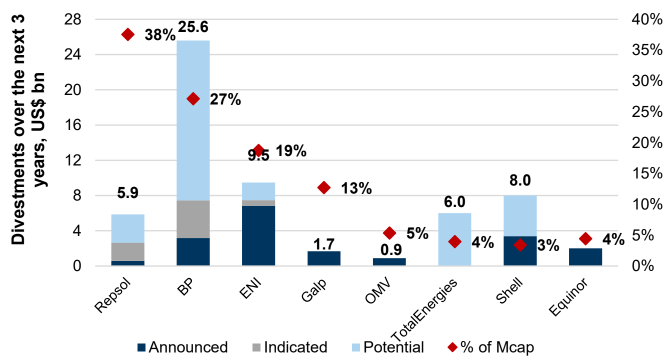
excl. hybrids

Source: Company data, Goldman Sachs Global Investment Research

Focus #3: Portfolio streamlining and value crystallization through disposals

Major EU Big Oils are adopting diverse divestment strategies to streamline and optimize their portfolios and focus on high-return projects, that should generate solid cash flow growth, resulting in attractive shareholder returns. The divestment strategies most commonly include 1) **sale of non-core or mature upstream assets**, mainly in the regions where operational costs are high or where regulatory and geopolitical risks are significant; 2) **sale of minority stakes in renewable energy, biofuels or carbon capture projects** to raise capital while retaining strategic control and 3) **divesting high multiple businesses, such as retail and convenience divisions.** Amongst EU Big Oils, we highlight **BP, Repsol and Eni as having the most significant divestment programmes in place, equivalent to the highest share of their equity value.**

Exhibit 34: Amongst EU Big Oils, we highlight BP, Repsol and Eni as having the most significant divestment programmes in place, equivalent to the highest share of their equity value.
Companies' divestments over the next 3 years, US$ bn



Source: Goldman Sachs Global Investment Research

We identify c.$26 bn of high multiple assets that BP could monetize across low carbon, convenience and pipelines

Amongst EU Big Oils, BP stands out for its divestment opportunities. BP management is already focused on strengthening the company's balance sheet with an ongoing divestment program - which we believe can be materially up-scaled at the CMD. With 3Q24 results, BP announced that divestment and other proceeds would be greater than US$3 bn in 2024 vs US$2-3 bn expected previously. Having realized US$19.2 bn of divestment and other proceeds since 2Q20, BP continues to expect to reach US$25 bn of divestment and other proceeds between the second half of 2020 and 2025.

Our analysis in our deep-dive report on BP's restructuring suggests that **BP would need to divest an additional c.US$23 bn in order to bring gearing including hybrids down to the sector average level of ND/CE of c.18%**. Below, we highlight our analysis of which assets (excl. upstream assets) BP could potentially dispose of to get to the peer average leverage level of c.18%. Since 2020 BP has already undertaken several divestments as part of its strategy to streamline operations and focus on renewable energy and low-carbon solutions, such as the sale of its petrochemical business to

INEOS in 2020 and divestment of its Alaskan oil and gas operations. We highlight three potential areas where the company might consider further asset sales, focusing on high multiple businesses: low carbon projects, pipeline infrastructure and midstream assets, retail and convenience division. Overall, we estimate **c.US$26 bn in potential divestment opportunities from which BP could source enough disposals to bring gearing including hybrids down to the sector average level.**

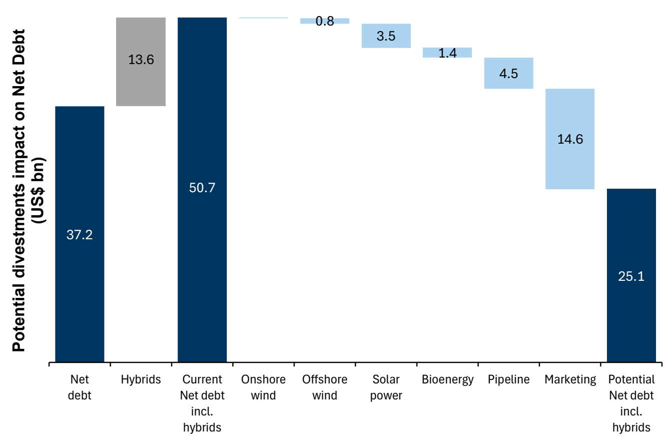
Exhibit 35: Given BP's recent divestment strategy, we highlight three potential areas where the company might consider further asset sales or rebalancing efforts: low carbon projects, pipeline infrastructure and midstream assets, retail and convenience division

Division	Estimated Value ($bn)	Potential divestment effect on the net debt (US$bn)	Comment
Low carbon projects	12.2	6.5	Divestment of US onshore wind business Sale of 50% of offshore wind projects Sale of 50% of Lightsource BP and Bunge Bioenergia
Pipeline		4.5	Divestment of non-core and high value pipelines
Marketing	33.0	14.6	Divestment of retail sites outside of US, UK, Australia and Spain
Potential divestment effect on BP's net debt ($bn)		**25.6**	

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 36: We estimate c.US$26 bn of potential divestment opportunities from which BP could source enough disposals to bring gearing including hybrids down to below the sector average level

Potential divestments impact on Net Debt (US$)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 37: There is a potential to divest/deconsolidate up to US$6.5 bn of assets in the low carbon division for BP, on our estimates

Low carbon	Project	Country	Equity stake in project (%)	Net equity capacity	Start-up date	Estimated Value ($bn)	Potential divestment ($bn)
Onshore wind	US Wind Assets	USA	76%	1GW	2023	0.8	0.8
Offshore wind	Beacon Wind	USA	100%	2GW	2028	0.4	0.2
Offshore wind	German North Sea Projects	Germany	100%	4GW		0.7	0.3
Offshore wind	Morgan, Mona and Morven	UK	50%	3GW		0.5	0.2
Solar	Lightsource BP	USA	100%	50-60 GW		7.0	3.5
Bioenergy	Bunge Bioenergia	Brazil	100%	50 kboed		2.8	1.4
Potential divestment effect on BP's net debt ($bn)							**6.5**

Source: Goldman Sachs Global Investment Research, Company data

Exhibit 38: BP has high-value pipelines that could potentially add to their divestment program and raise up to c.$5 bn

Most significant midstream pipeline interests of BP and estimated valuation

Oil/Gas	Pipeline	Stake	Estimated Value ($bn)	Net Value Sold ($bn)	Length (km)	Valuation Method	Construction Cost ($bn)	start-up
Gas	Trans Adriactic	20.0%	5	1	877		**5.0**	2020
Gas	Trans Anatolian	3.0%*	33.3	1	1841		**8.5**	2018
Oil	Baku-Tbilisi-Ceyhan	30.1%	3.5	1.1	1768	$2 mn/km	**3.9**	2006
Gas	South Caucasus	30.0%	1.4	0.4	691	$2 mn/km	**3**	2006
Oil	Baku–Supsa	34.1%	0.8	0.3	829	$1 mn/km	**0.6**	1999
Oil/Gas	Major US GoM Pipelines	100%	1.8	0.9**	699	9.0x EV/EBITDA		
BP's Pipelines estimated value ($bn)				**4.6**				

*25% of their total stake was sold by BP **We assume that BP will only sell a minority stake of 49%

Source: Company data, Goldman Sachs Global Investment Research

We estimate that Repsol can deliver up to $2.5 bn of high-multiple disposals in 2025, in renewables and upstream fields under development

Repsol is undergoing a divestment and asset rotation program which focuses on portfolio optimization by selling non-core assets and reinvesting in low-carbon initiatives. In E&P Repsol has already sold assets in Canada, considered divestments in Alaska and Norway and exited operations in countries such as Vietnam, Malaysia and Russia, concentrating on key regions such as the USA and Brazil. In its low carbon division, the company is undergoing asset rotation, and is divesting minority stakes in renewables projects in the US, Spain and Chile.

Repsol's CEO has announced that the company has a clear commitment to disposals with the asset rotation in low carbon businesses. The company expects to carry out divestments of renewable assets between the end of 2024 and 2025. Repsol announced that it was already in process to rotate c.800MW in the US, including the projects such as Jicarilla 1,2 and Frye Solar, and c.450MW in Spain, which it expects to close by the end of this year or in 1Q25. Then, the company is planning to rotate its solar power plant, Outpost, with 629MW of capacity in the US, followed by the additional c.400-500MW in Spain, produced by PI wind and Delta 2.

Moreover, in Chile, Repsol reached an agreement to divest the solar portfolio held through its JV with Ibereolica. The transaction covers the sale of a 77MW Elena-1st phase solar PV plant and 923 MW of projects under development, as well as a 1-GW interconnection facility already in operation for US$128mn. Repsol plans to maintain its wind portfolio, and the company aims to optimize its position in that country, increasing this wind part of the business.

In 4Q24, Repsol announced a disposal target of €2 bn in 2025. Out of this €2 bn disposals, €0.3 bn of proceeds will be received from the second installment of the Colombia E&P disposal in 1Q25 while two asset rotations in the renewables business of €1 bn in Spain and the US were expected to be announced by the end of 1Q25. In 1Q25, Repsol announced a deal with Schroders, as a 49% partner in a 400 MW wind and solar portfolio, valued at €580 million.

Exhibit 39: Overall, we see c.€1.5-1.6bn of potential divestment opportunities in the low-carbon space

Repsol renewables asset rotation

Country	Project Type	Capacity (MW)	Operated	Equity stake in project (%)	Net equity capacity (MW)	Project status	Start-up date	Impact on net debt (EURmn)
Chile	Solar	1000	Repsol Ibereólica Renovables Chile	50%	500	Operating/Under development	By 2026	60
US	Solar	1200	Hecate Energy	100%	1200	Operating/Under development	By 2025	1,150-1200
Spain	Solar/Onshore wind	850-950	Repsol Electricidad y Gas	100%	850-950	Operating/Under development	By 2025	313-350
								1523-1610

Source: Company data, Goldman Sachs Global Investment Research

As we have previously discussed, Repsol's divestment strategy also includes disposals of its upstream assets. Repsol's notable divestments include the sale of a 25% stake in its upstream business to EIG Partners in 2022. Additionally, Repsol has explored selling minority stakes in assets such as Eagle Ford shale in Texas and the Pikka project in Alaska, aiming to streamline operations and focus on core assets. In November 2024 Repsol announced that it had agreed to sell its oil and gas production assets in Colombia to Geopark for US$530 mn. The assets include Repsol's oil extraction operation in central Colombia and a 25% stake in SierraCol Energia Arauca.

The Pikka project is one of the largest oil prospects in Alaska, expected to commence production in 2026, with an anticipated output of 80kboed, as per the company. Repsol holds a 49% stake in Pikka, along with its partner Santos, and has stated that it is exploring the sale of a minority stake in the asset. Based on our analysis below (flexing our WACC and oil price assumptions), we estimate Pikka's value to be in a range of roughly US$1.7bn to 5.9bn, with an illustrative midpoint of US$3.5bn, assuming a 10% cost of capital and long-term Brent of 80$/bl, resulting in a potential divestment opportunity of US$0.25-0.9 bn for a sale of a 15% stake (Repsol has talked to a potential 15% sale).

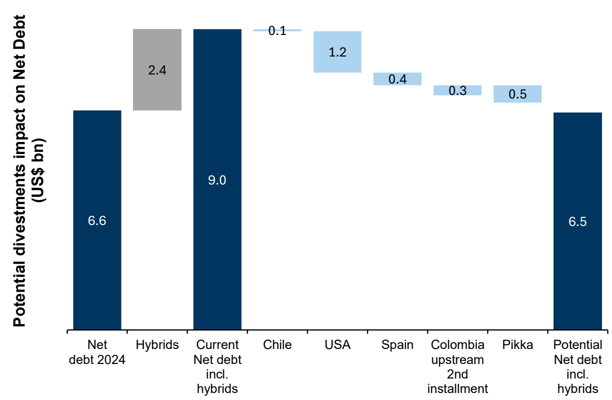
Exhibit 40: ...resulting in a potential divestment opportunity of US$0.25-0.9 bn for a sale of a 15% stake

2024E Pikka 15% stake NPV		Oil price ($/bl)		
($ mn)		70 $/bl	80 $/bl	90 $/bl
WACC (%)	8%	510	701	891
	9%	430	603	775
	10%	361	518	674
	11%	301	445	587
	12%	250	381	511

Source: Goldman Sachs Global Investment Research

Exhibit 41: Repsol could potentially deleverage up to US$2.5 bn through its low carbon asset rotation programme and potential E&P divestments

Potential low carbon divestments impact on Net Debt (US$)



Source: Company data, Goldman Sachs Global Investment Research

ENI plans to divest c.€2.5 bn via disposals in the upstream and low-carbon in 2025

ENI aims to generate approximately €6 bn in net portfolio inflows between 2025 and 2027 through a combination of asset sales and strategic partnerships. In 2025 Eni plans to cash in approximately €2.5 bn via proceeds from additional disposals. ENI plans to divest certain oil and gas assets to streamline portfolio. ENI has already done some transactions including the sale of its Alaskan assets to Hilcorp for US$1 bn, completed in November 2024, and the divestment of Nigerian onshore assets to Oando for US$783 mn in August 2024.

The company continues to look to high-grade the portfolio by divesting tail assets. ENI is in the early stages of considering the sale of up to a 30% stake in its exploration and production operations in the Ivory Coast. This potential transaction could generate approximately €1 bn and has attracted interest from Asian energy companies, according to the company. ENI has also signaled potential sale of upstream assets in Congo and Indonesia, which could generate around €1 bn and €2 bn, respectively. In total, upstream is expected to account for more than half of ENI's corporate divestment target. In 1Q25, Eni announced that Vitol will acquire stakes in projects in Ivory Coast and the Republic of Congo for at least $1.65 bn, when completed, the overall value of the transaction could reach $2.7 bn, according to ENI.

In its low-carbon business ENI plans to continue divestment of minority stakes as a part of satellite model. Following the sale of a 25% stake in its biofuel unit, Enilive, to KKR for €2.938bn in 2024, ENI is considering selling an additional stake of <10% in Enilive. Based on the implied Enilive equity value of €11.75 bn from the completed KKR deal, all else equal, a sale of an additional 5% in Enilive would imply approximately €587.6 mn for ENI. Moreover, ENI stated that it may consider the sale of a stake in its CCS operations business.

Focus #4: Attractive shareholder returns of 11.6% on average in 2025 for EU Oils

In 4Q24 focus on shareholders returns continued: TotalEnergies announced a buyback of up to US$2 bn of its shares in 1Q25 (flat qoq), Shell announced share buyback programme of US$3.5bn for 1Q'25 (flat qoq), BP announced a share buyback at $0.75-1.0bn, below our $1.25bn estimate, Equinor declared the execution of a 1Q25 share buyback under the first tranche of up to US$1.2 bn (-25% qoq) and ENI announced a buyback for FY25 of €1.5 bn (-25% yoy).

Post FY24 results and buyback announcements, BP now targets to distribute 30–40% of operating cash flow to shareholders through buybacks and dividends which is expected to grow by 4% annually (5% before). For 1Q25, BP announced the share buyback at $0.75-1.0bn, below our $1.25bn estimate, and down from $1.75bn in 2024. Annualised Q1 buybacks of $3-4 bn and 4% DPS growth results in 34%-39% CFO distribution in 2025 (from 43% GSe 2025 before) and 9.4-10.6% shareholder returns yield in 2025 vs 12.2% average for EU Oils, on our estimates. We now model a $4bn buyback from 2025 from $5bn before resulting in 10.5% shareholder returns yield in 2025. The new target emphasizes the company's focus on net debt reduction while still delivering competitive double-digit shareholder returns, in our view.

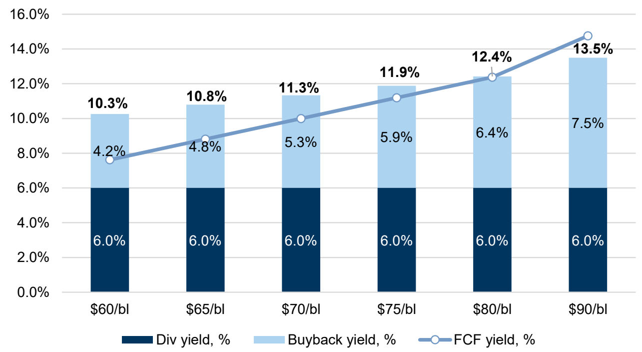
Equinor announced a lower buyback in 2025 vs 2024: The company announced a 2-year buyback program of US$10-12 bn for 2024-25, having returned US$6bn in 2024, and announcing US$5 bn in 2025. While we recognise Equinor's still-sector leading cash return to shareholders of 13.6% on our 2025 estimates (5.9% div yield + 7.7% buyback), the highest among our Integrated Oils coverage, vs. a peer average of 11.6%, we view this as largely based on the strong earnings from historically high gas price levels in 2022-23; our more bearish outlook on European gas from 2027 results in SH returns normalisation going forward: we expect Equinor's SH returns to decrease to 9.4% in 2026 vs. our expectation for an EU Oils average of 10.9%.

During 4Q24 results **Repsol** announced that it would return 30-35% of their CFFO to shareholders in 2025, at the higher end of their 25-35% framework, and deliver a minimum of €700 mn of share buybacks in 2025.

Overall, EU Big Oils currently offer a 5.9% dividend yield (2025E), and buybacks underpin our expectation of a 5.7% further yield for the EU Big Oils group on average, **resulting in 11.6% total cash returns to shareholders in 2025E.** Equinor and Repsol stand out in this respect, on our forecasts, offering attractive total returns to shareholders of 13.6/13.1%, respectively. We also demonstrate the **sensitivity of shareholder returns and FCF** for EU Oils to different oil price assumptions (Exhibit 42) with the SH returns yield decreasing to 10.3% in a $60/bl Brent environment (c.4.2% FCF yield) and increasing to 13.5% in a $90/bbl environment (c.13.5% FCF yield).

Exhibit 42: We provide sensitivity to SH returns and FCF yield for EU oils

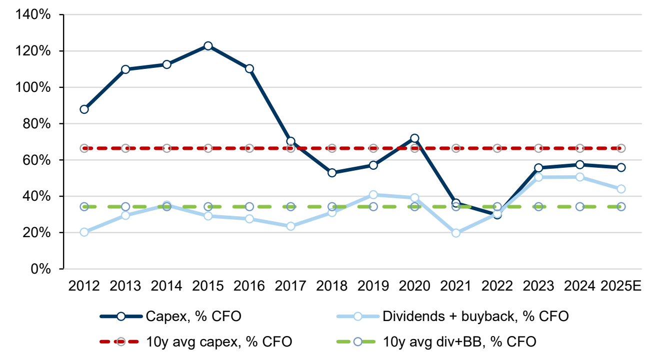
Average SH returns yield 2025E and FCF yield 2025E for EU Oils at different Brent price assumptions, %



Source: Goldman Sachs Global Investment Research

Exhibit 43: Despite capex uptick, we expect capex to account for 58% of CFO in 2025 compared to c.70% 10y hist avg for EU Big Oils

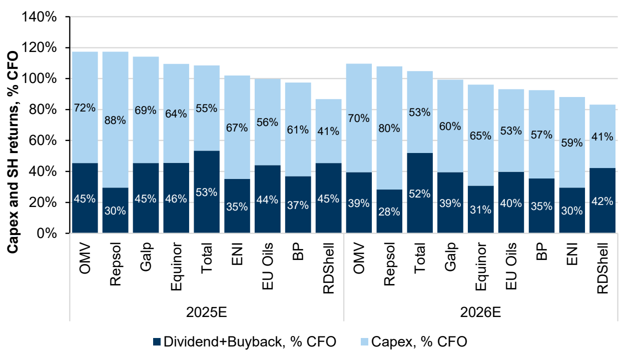
EU Oils vs US Oils capex intensity, % CFO



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 44: We expect OMV and Repsol to distribute the highest share of CFO in 2025/26E, while BP and Shell are at the lower end of spectrum

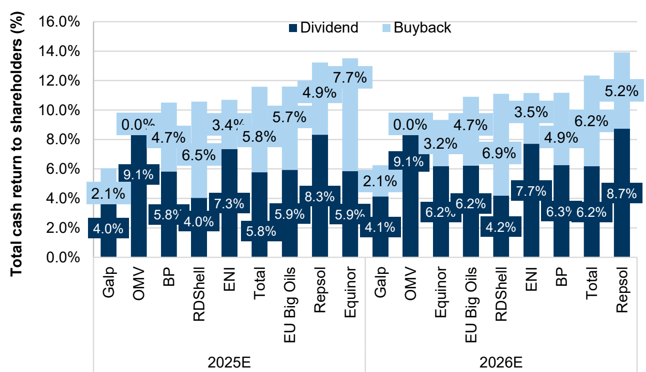
EU Oils capital allocation, % CFO by company



Source: Goldman Sachs Global Investment Research

Exhibit 45: EU Big Oils currently offer a 5.9% dividend yield (2025E), and our expectation of buybacks, contributing a 5.7% further yield for the EU Big Oils group on average, results in 11.6% forecast total cash returns to shareholders

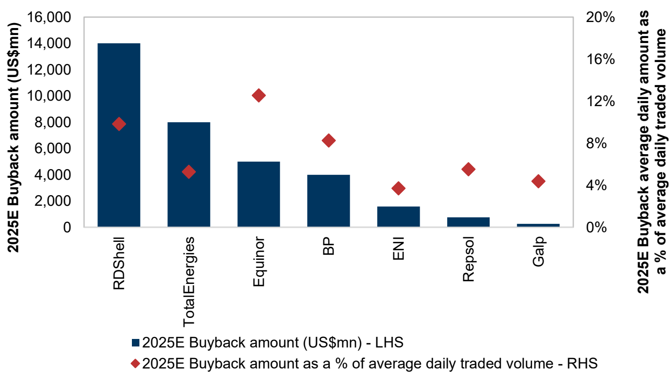
Total cash returns to shareholders split between dividends and buybacks (%)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 46: ...with companies such as RDShell and BP expected to buy back, on our estimates, shares equivalent to almost 8-14% of the average daily trading volume

2025E buyback amount (US$mn) and average daily buyback as a % of average daily trading volume



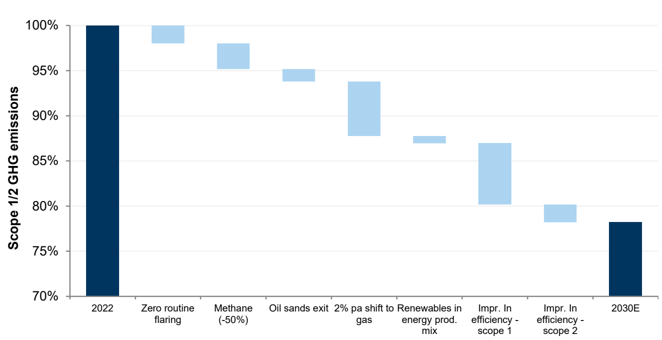
Source: Thomson Reuters Datastream, Company data, Goldman Sachs Global Investment Research

Re-imagining Big Oils: Entering the third year of Taxonomy alignment reporting

Big Oils have shown the ability to adapt to technological change in their 100+ years of history and are currently driving a low-carbon transition consistent with the global ambition to contain global warming well below 2°C and potentially in line with 1.5°C. Big Oils have many tools to achieve this transition towards Big Energy and become broader, cleaner energy providers: a deeper presence in the global gas and power chains, including retail, EV charging and renewables; biofuels; biogas; petrochemicals; improved upstream and industrial operations; clean hydrogen; and carbon sequestration.

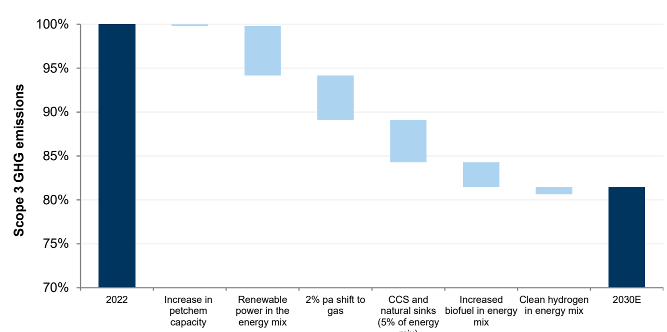
To better analyse the 'well-to-wheel' carbon reduction opportunity, we analysed separately in our deep-dive report, *Carbonomics: Re-Imagining Big Oils*, what the industry could deliver in each of Scope 1, Scope 2 and Scope 3 carbon emissions. In this analysis, we looked at the percentage change in Big Oils' emission intensity (MtCO2eq/Mtoe) and compared it to the IEA intensity reduction path. We did not analyse the absolute amount of emissions in order not to penalise companies that are growing their business vs. shrinking corporates. We looked out to 2030 in this analysis, as we believe that technological advancements in the coming decade will materially re-shape the carbon strategy beyond 2030, making today's analysis obsolete. On our estimates, Big Oils can potentially reduce their Scope 1 & 2 emissions by c.22% by 2030E vs. 2022 levels, while Scope 3 emissions could be reduced by c.19% in a similar time frame through a mix change of the energy products produced and sold as we show in the exhibit below.

Exhibit 47: Scope 1/2 GHG emissions intensity could be reduced by c.22% by 2030E (from 2022 base) on our estimates...
Scope 1/2 GHG emissions intensity 2022-30E bridge



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 48: ...while Scope 3 could be cut by c.19% of 2022 levels through a mix change of the energy products produced and sold
Scope 3 GHG emissions 2022-30E bridge

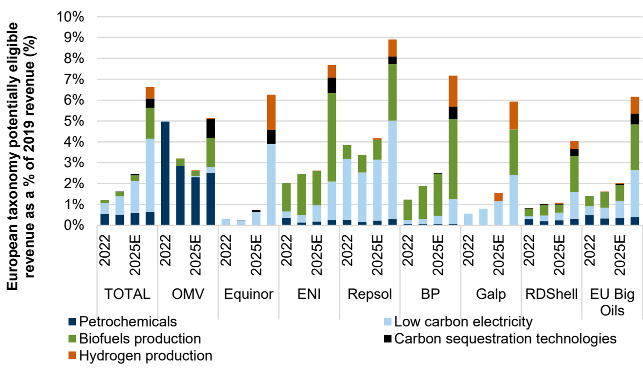


Source: Company data, Goldman Sachs Global Investment Research

Over the past four years, we have seen an acceleration of investments in and targets on low-carbon activities across the EU Big Oils group. **In our report,** *EU Green Taxonomy a key catalyst of improved ESG perception in 2023*, we consider EU Taxonomy one of the most important accelerating factors for the EU Big Oils in 2023. In our view, the Taxonomy can help Energy companies by highlighting the extent to which a company is participating in the energy transition and quantify the pace of the transformation of 'Big Oil' into 'Big Energy', particularly where investing in green capex ahead of green revenue.

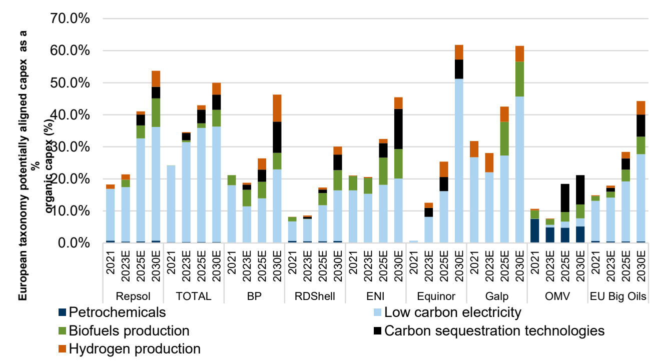
We estimate that the European Big Oils could increase their share of Taxonomy-aligned revenues to c.6% of group revenue by 2030E, from <2% currently, as they pursue their transformation towards Big Energy. Similarly, looking at capital expenditure (capex), we estimate that 44% of Big Oils' capex (2023 as a base) could be allocated to activities that are Taxonomy-eligible by 2030E, from c.18% in 2023.

Exhibit 49: We estimate that 6% of EU Big Oils' revenue could be Taxonomy-aligned by 2030, from <2% in 2023
European taxonomy potentially aligned revenue as a % of total revenue



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 50: We estimate that 44% of EU Big Oils' capex could be Taxonomy-aligned by 2030, from c.18% in 2023
European taxonomy potentially aligned capex as a % of total capex



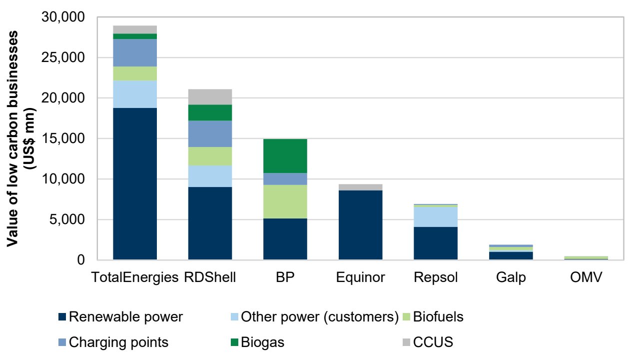
Source: Company data, Goldman Sachs Global Investment Research

We attempted to **quantify the value of low-carbon activities that have already evolved in scale** (and for which there is sufficient disclosure to perform this analysis) **for the European integrated majors**. These include the low-carbon renewables power business (valuing the net equity renewables pipeline with high visibility), the customer/retail power business, the production of biofuels and biogases, and charging networks. We have excluded from this analysis other low-carbon businesses such as carbon sequestration, clean hydrogen and plastic recycling because their scale today is not material, although they are key pillars of these companies' path to Net Zero.

The results of our analysis are presented in the exhibits that follow. Overall, we estimate that the **value of those businesses** (renewable power, retail power, bioenergy and charging networks) **already represents c.13% of the EU Big Oils' current EV on aggregate**. On a company relative basis, **Repsol, BP, Total and Galp** have, on our estimates, created the largest net value from these businesses as a percentage of their current EV.

Exhibit 51: EU Big Oils have already started to scale the low-carbon businesses, creating notable value, primarily in the areas of renewable power, power retail, charging networks and bioenergy, with TotalEnergies leading the group

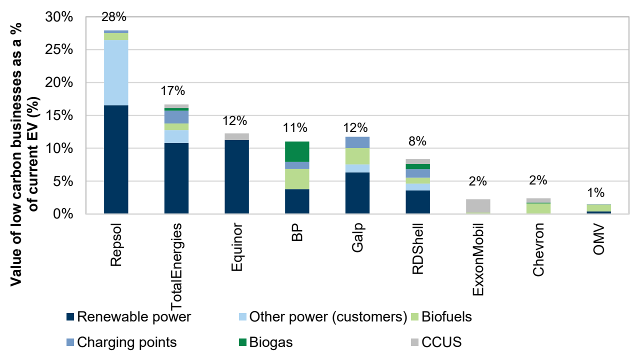
EU Big Oils GS value of low-carbon businesses (US$mn)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 52: The value of renewable power, retail power, charging networks and bioenergy already represents c.13% of the EU Big Oils' current EV on aggregate

Value of low-carbon businesses as a % of current EV (%)



*BP, OMV do not disclose a power business EBITDA or power customers target figure and as such no valuation of the 'other power business' was included in this analysis.

Source: Company data, Goldman Sachs Global Investment Research

1Q25 financial summary and estimate changes

1Q25 financial summary

We update our estimates ahead of 1Q25 results, reflecting the latest news flow and updated macro conditions for the quarter. We expect adjusted 1Q25 net income for the group to increase qoq, +16% compared to 4Q24.

Exhibit 53: 1Q25E summary of key financial and operating metrics for EU Big Oils

	Estimates											
All data in reporting currency	Shell US$	BP US$	Equinor US$	TOTAL US$	ENI €	Repsol €	OMV €	Galp €	Euro Oils US$	S. Aramco US$	Aker BP US$	Var Energi US$
Adjusted net income	**4,535**	**1,914**	**2,565**	**4,652**	**1,167**	**589**	**443**	**202**	**16,184**	**25,612**	**450**	**195**
% change qoq	*24%*	*64%*	*12%*	*6%*	*31%*	*-33%*	*-20%*	*124%*	*16%*	*11%*	*-20%*	*8%*
% change yoy	*-41%*	*-30%*	*0%*	*-10%*	*-26%*	*-51%*	*-36%*	*nr*	*-*	*-7%*		
Group Operating income	**5,100**	**4,800**	**8,603**	**6,807**	**2,124**	**1,263**	**1,216**	**544**	**30,709**	**51,544**	**2,018**	**913**
% change qoq	*23%*	*19%*	*9%*	*-4%*	*25%*	*16%*	*-12%*	*57%*	*21%*	*12%*	*-3%*	*23%*
% change yoy	*-38%*	*-19%*	*14%*	*-12%*	*-30%*	*-28%*	*-18%*	*-30%*	*-*	*-4%*		
EPS	**0.76**	**0.12**	**0.91**	**2.04**	**0.36**	**0.52**	**1.36**	**0.27**	**-**	**0.11**	**0.71**	**0.08**
% change qoq	*32%*	*66%*	*9%*	*0%*	*35%*	*-32%*	*-20%*	*129%*	*-*	*11%*	*-20%*	*8%*
% change yoy	*-37%*	*-25%*	*0%*	*-5%*	*-24%*	*-49%*	*-36%*	*nr*	*-*	*-7%*		
Capital Expenditure	**5,228**	**3,757**	**3,112**	**4,194**	**2,185**	**1,377**	**899**	**325**	**21,311**	**13,443**	**1,550**	**688**
% change qoq	*-24%*	*-11%*	*-15%*	*9%*	*-19%*	*-13%*	*-29%*	*-35%*	*-15%*	*-5%*	*10%*	*-4%*
% change yoy	*16%*	*-6%*	*25%*	*3%*	*10%*	*1%*	*31%*	*5%*	*-*	*24%*		
Operating cashflow	**11,943**	**5,600**	**6,000**	**7,454**	**3,113**	**1,535**	**1,227**	**505**	**37,690**	**34,969**	**1,919**	**1,392**
% change qoq	*11%*	*-9%*	*54%*	*4%*	*8%*	*-25%*	*5%*	*29%*	*8%*	*0%*	*81%*	*6%*
% change yoy	*-24%*	*-24%*	*na*	*-9%*	*-20%*	*-30%*	*na*	*-15%*	*-*	*-3%*		
Total production (kboepd)	**2,850**	**2,210**	**2,027**	**2,544**	**1,702**	**540**	**307**	**103**	**12,283**	**12,636**	**427**	**277**
% change qoq	*4%*	*-4%*	*4%*	*5%*	*-1%*	*-3%*	*-9%*	*-6%*	*1%*	*1%*	*-5%*	*8%*
% change yoy	*0%*	*-7%*	*-1%*	*3%*	*-2%*	*-8%*	*-13%*	*-4%*	*-*	*2%*		

Source: Company data, Goldman Sachs Global Investment Research

Full-year 2025/26/27E financials summary

We update our yearly estimates to reflect the most recent newsflow and latest macro commodity conditions as well as company-specific updates. We decrease our 2025 Brent price assumption to $72.5/bbl from $75/bbl, in line with our commodities team who revised down their Brent forecast by $5/bbl to a $65-80 range. We also decrease our 2025 average NBP gas price estimate to $13.2/mcf from $14/mcf before and 2026 estimate to $11.6/mcf from $11.4/mcf before in line with the current forward curve and HH gas price estimate to $4/mcf from $3.8/mcf before and along with our 2026 estimate to $4/mcf from $3.8/mcf before. Overall, our changes result in -6/-10% changes to yearly 2025/26E EPS estimates for EU Big Oils.

While we are overall positioned c.-4%/-1%/-2% vs EPS median consensus for 2025/26/27E, our estimates imply a strong dispersion for 2025 earnings revisions. We see upside potential to Bloomberg consensus estimates for our gas-focused names where we are in-line with consensus (EPS median). For Shell, we see better capital discipline with further opportunities for cost-cutting, which leads us to be above consensus. On the other hand, we are also below consensus for the rest of our coverage in 2025, where we see potential risk from lower oil prices.

Exhibit 54: We update our yearly estimates to reflect the latest news flow, macro conditions and company-specific views. Our estimates position us c. -1%/-2% vs Bloomberg EPS median consensus for 2026/27E.

EPS		2025E			2026E			2027E			GS vs. BBG cons		
		old	new	chg	old	new	chg	old	new	chg	2025	2026	2027
EU Big Oils													
BP	US$	0.54	0.51	*-5.6%*	0.65	0.58	*-10.7%*	0.68	0.60	*-11.7%*	*-9%*	*-9%*	*-11.2%*
BP ADR	US$	3.27	3.08	*-5.6%*	3.89	3.47	*-10.7%*	4.10	3.62	*-11.7%*	*-9%*	*-9%*	*-11.2%*
ENI	€	1.71	1.51	*-11.7%*	2.26	1.76	*-22.1%*	2.53	1.91	*-24.5%*	*-12%*	*-5%*	*-4.8%*
Galp	€	1.00	1.02	*2.0%*	1.25	1.24	*-0.9%*	1.36	1.35	*-1.0%*	*-1%*	*0%*	*0.8%*
OMV	€	5.64	5.41	*-4.2%*	6.26	5.80	*-7.3%*	6.00	5.57	*-7.2%*	*-5%*	*-3%*	*-6.1%*
RDShell	US$	3.88	3.39	*-12.5%*	4.57	3.91	*-14.4%*	5.28	4.42	*-16.2%*	*-5%*	*-1%*	*3.6%*
RDS ADR	US$	7.75	6.79	*-12.5%*	9.13	7.81	*-14.4%*	10.56	8.85	*-16.2%*	*-5%*	*-1%*	*3.6%*
Repsol	€	2.65	2.39	*-10.0%*	3.02	2.71	*-10.4%*	3.25	2.98	*-8.1%*	*0%*	*2%*	*-1.8%*
Equinor	US$	3.69	3.49	*-5.3%*	3.63	3.32	*-8.5%*	3.50	3.29	*-6.2%*	*3%*	*-3%*	*-4.2%*
TotalEnergies	US$	7.99	7.66	*-4.2%*	8.82	8.19	*-7.1%*	9.12	8.58	*-5.9%*	*-4%*	*0%*	*-0.1%*
Saudi Aramco	US$	0.44	0.43	*-2.8%*	0.50	0.47	*-4.9%*	0.53	0.50	*-4.9%*	*0%*	*7%*	*9.3%*
Median csc				***-6.4%***			***-10.2%***			***-10.1%***	***-4%***	***-1%***	***-1.8%***
EU E&P													
Var Energi	US$	0.47	0.42	*-11%*	0.55	0.49	*-10%*	0.47	0.45	*-3%*	*0%*	*3%*	*1%*
Aker BP	US$	2.64	2.51	*-5%*	2.49	2.12	*-15%*	2.59	2.42	*-7%*	*-5%*	*-8%*	*-7%*
EU E&P Average				***-13%***			***4%***			***8%***	***-17%***	***13%***	***18%***

Source: Bloomberg, Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

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