

Energy Tidbits

Will Markets Take Near-Term Fear of Regional Escalation Out of Oil Following Iran's Downplaying of Israel's Friday Night Attack?

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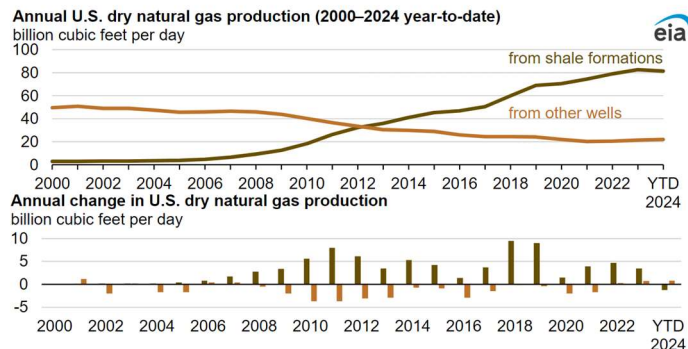
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U.S. shale natural gas production has declined so far in 2024

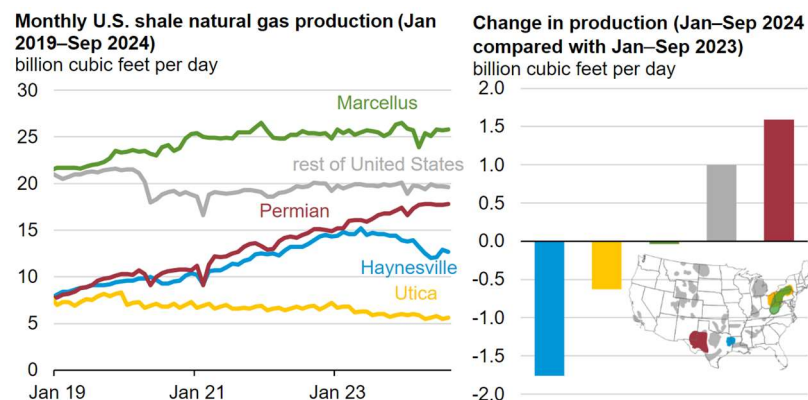
U.S. shale natural gas production has declined so far in 2024



U.S. natural gas production from shale and tight formations, which accounts for 79% of [dry natural gas production](#), decreased slightly in the first nine months of 2024 compared with the same period in 2023. If this trend holds for the remainder of 2024, it would mark the first annual decrease in U.S. shale gas production since we started collecting these data in 2000.

Total U.S. shale gas production from January through September 2024 declined by about 1%, to 81.2 billion cubic feet per day (Bcf/d), compared with the same period in 2023, while other U.S. dry natural gas production increased by about 6% to 22.1 Bcf/d. Total U.S. dry natural gas production from January through September 2024 averaged 103.3 Bcf/d, essentially flat compared with the same period in 2023.

The decline in shale gas production so far this year has been driven primarily by declines in production in the Haynesville and Utica [plays](#). From January through September 2024, shale gas production decreased by 12% (1.8 Bcf/d) in the Haynesville and by 10% (0.6 Bcf/d) in the Utica compared with the same period in 2023. At the same time, shale gas production in the Permian play grew by 10% (1.6 Bcf/d). Production in the Marcellus play, which leads U.S. shale gas production, remained flat.



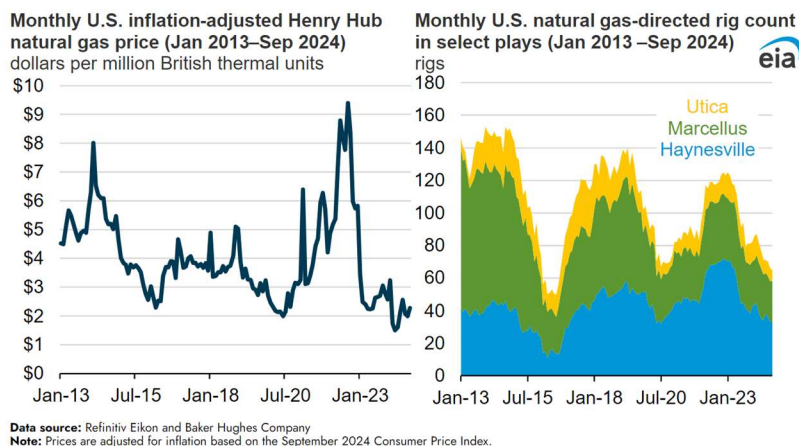
The Haynesville play in northeastern Texas and northwestern Louisiana is a dry natural gas formation. The Utica and Marcellus plays in the [Appalachian Basin](#) produce [lease condensate](#) in addition to dry natural

gas. In all three plays, natural gas prices mostly drive drilling and developing wells. The U.S. benchmark Henry Hub daily natural gas price has generally declined since August 2022 and reached [record lows in the first half of 2024](#), making drilling natural gas wells less profitable, particularly in the Haynesville. Several operators in the Haynesville and the Appalachian Basin [shut in natural gas production](#) in reaction to historically low prices and intend to [continue curtailments](#) in the second half of 2024.

In contrast, natural gas produced in the [Permian](#) play in western Texas and southeastern New Mexico is primarily [associated gas from oil wells](#) where drilling and development is driven by the oil price. Natural gas production in the Permian has increased this year along with increasing oil production.

[Shale natural gas production in the Utica](#) was 5.6 Bcf/d in September, 33% less than the monthly high of 8.3 Bcf/d in December 2019 and 10% less than the average of 6.2 Bcf/d in 2023. At depths of 5,000 feet to 11,000 feet, wells in the Utica, which lies beneath the Marcellus, are slightly more expensive to drill than Marcellus wells because of their depth.

Drilling costs of Haynesville wells, at [depths of 10,500 feet to 13,500 feet](#), are even higher. [Shale natural gas production](#) in the Haynesville was 13.0 Bcf/d in September 2024, 14% less than the peak in May 2023. The Haynesville is the third-largest shale gas-producing play in the United States, behind the Marcellus and the Permian plays. In 2023, shale natural gas production in the Haynesville averaged 14.6 Bcf/d, accounting for 14% of total U.S. dry natural gas production.



The U.S. benchmark Henry Hub natural gas price fell 79% from the August 2022 inflation-adjusted high of \$9.39 per million British thermal units (MMBtu) to an average of \$1.99/MMBtu in August 2024. [So far this year](#), the price has averaged \$2.10/MMBtu compared with an inflation-adjusted average of \$6.89/MMBtu in 2022 and \$2.62/MMBtu in 2023. As natural gas prices declined, the economics of producing natural gas in the dry gas formations worsened, leading producers to [shut in production](#) and drop drilling rigs.

Producers tend to increase or decrease the number of drilling rigs in operation as natural gas prices fluctuate. The number of natural gas-directed drilling rigs in the Haynesville, Utica, and Marcellus plays has decreased steadily since the end of 2022, according to data from [Baker Hughes](#). In the Haynesville, an average of 33 rigs were in operation in September 2024, 53% fewer than in January 2023. The number of rigs operating in the Haynesville in September was the lowest it has been since July 2020.

In the Utica, an average of seven rigs were operating in September 2024, fewer than half the number that were operating in January 2023, and in the Marcellus, an average of 25 rigs were in operation, about 36% fewer than in January 2023. Although the [productivity of newer wells](#) has improved in recent years, the decline in rig counts has contributed to an overall decrease in production.

In our latest [Short-Term Energy Outlook](#), we forecast total U.S. dry natural gas production to average 103.5 Bcf/d in 2024, down slightly from 103.8 Bcf/d in 2023, and to resume modest growth in 2025 at 104.6 Bcf/d.

Principal contributors: Katy Fleury, Corrina Ricker, Kenya Schott

Tags: [natural gas](#), [production/supply](#), [shale](#)

Executive Summary

August 2024

Summary

In August 2024, the United States exported 642.3 Bcf and imported 269.3 Bcf of natural gas, which resulted in 373.0 Bcf of net exports.

U.S. LNG Exports

The United States exported 363.6 Bcf (56.6% of total U.S. natural gas exports) of natural gas in the form of liquefied natural gas (LNG) to 35 countries.

- Asia (165.1 Bcf, 45.4%), Europe (141.6 Bcf, 38.9%), Latin America/ Caribbean (42.3 Bcf, 11.6%), Africa (14.7 Bcf, 11.6%)
- 12.3% increase from July 2024
- 3.0% increase from August 2023
- 79.6% of total LNG exports went to non-Free Trade Agreement countries (nFTA), while the remaining 20.4% went to Free Trade Agreement countries (FTA).

U.S. LNG exports to the top five countries of destination accounted for 44.4% of total U.S. LNG exports.

- South Korea (42.7 Bcf, 11.8%), Netherlands (37.5 Bcf, 10.3%), Japan (30.3 Bcf, 8.3%), China (25.9 Bcf, 7.1%), and India (24.9 Bcf, 6.8%).

U.S. Imports and Exports by Pipeline and Truck with Mexico

The United States exported 212.8 Bcf of natural gas to Mexico and imported less than 0.1 Bcf of natural gas from Mexico, which resulted in 212.7 Bcf of net exports.

- 1.6% increase from July 2024
- 0.2% decrease from August 2023

U.S. Imports and Exports by Pipeline and Truck with Canada

The United States exported 66.0 Bcf of natural gas to Canada and imported 269.2 Bcf of natural gas from Canada, which resulted in 203.3 Bcf of net imports.

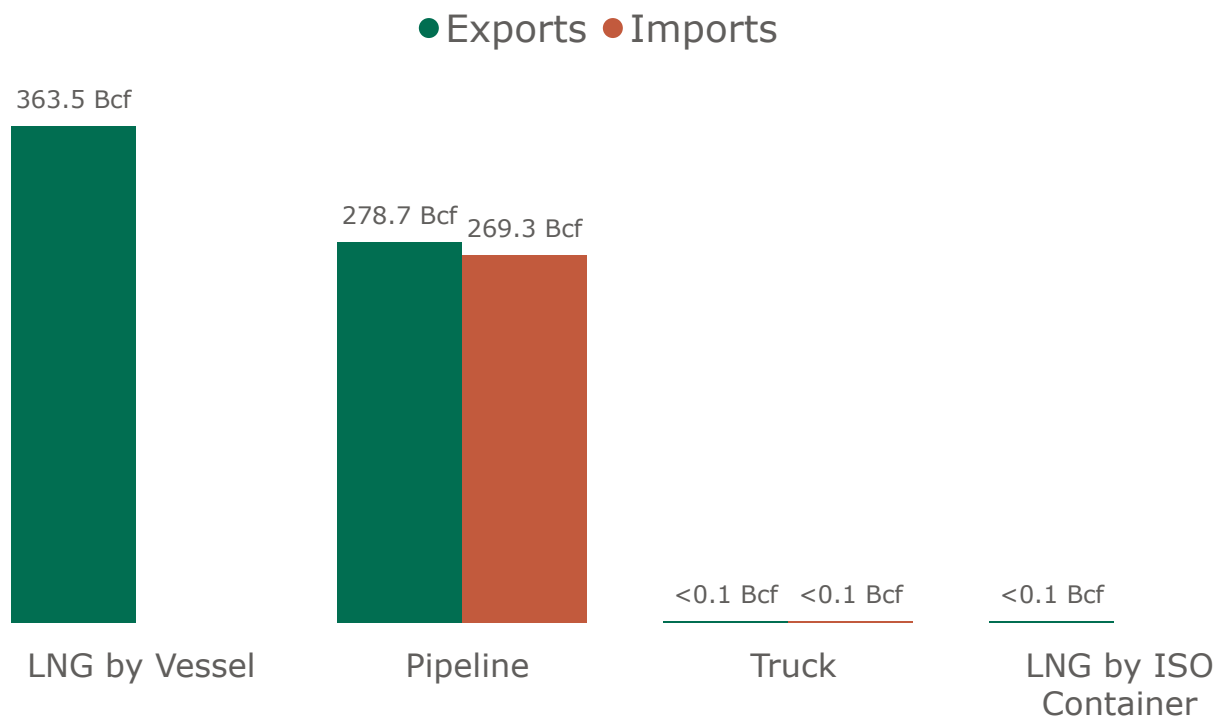
- 2.9% decrease from July 2024
- 9.1% increase from August 2023

U.S. Natural Gas Imports & Exports

Monthly Summary

2

U.S. Natural Gas Imports & Exports by Mode of Transport (August 2024)



1a. Monthly Summary: U.S. Natural Gas Imports & Exports by Mode of Transport

Volume (Bcf)	Monthly			Percentage Change	
Mode of Transport	Aug 2024	Jul 2024	Aug 2023	Aug 2024 vs. Jul 2024	Aug 2024 vs. Aug 2023
Exports					
LNG by Vessel	363.5	323.8	353.0	12%	3%
Pipeline	278.7	275.7	281.4	1%	<1%
Truck	<0.1	<0.1	<0.1	-18%	-43%
LNG by ISO Container	<0.1	<0.1	<0.1	-6%	36%
Total	642.3	599.6	634.5	7%	1%
Imports					
LNG by Vessel	0	0	0	-	-
Pipeline	269.3	275.7	254.4	-2%	6%
Truck	<0.1	<0.1	0.3	7%	-73%
LNG by ISO Container	0	0	0	-	-
Total	269.3	275.8	254.7	-2%	6%
Net Exports	373.0	323.8	379.8	15%	-2%

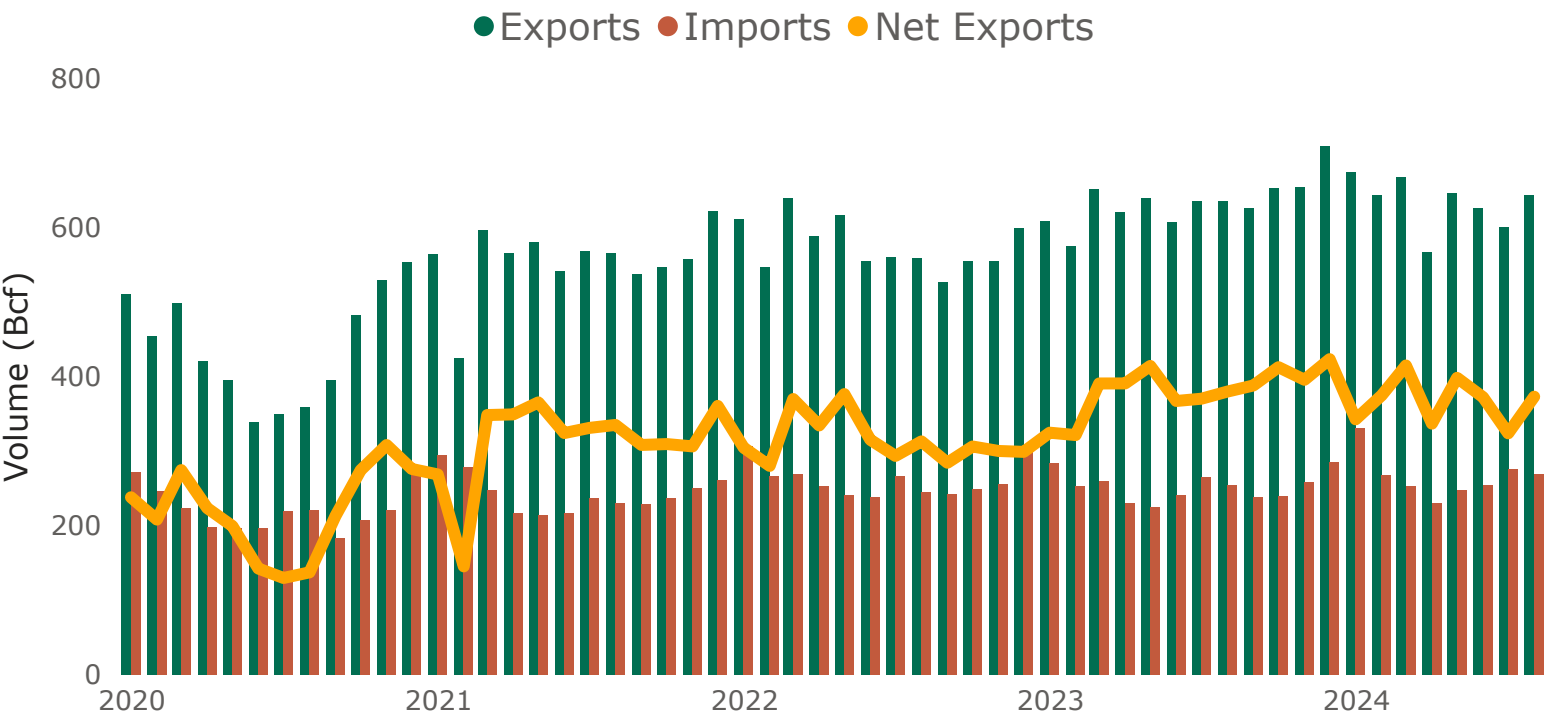
Notes

- Natural gas imports & exports by truck included compressed natural gas (CNG) and liquefied natural gas (LNG).
- Does not include LNG Re-Exports or Puerto Rico LNG Imports or Exports. See Table 6 for LNG Re-Exports and Table 8 for Puerto Rico LNG Imports and Exports.
- Totals may not equal sum of components because of independent rounding.
- not applicable(-).

U.S. Natural Gas Imports & Exports

Year-to-Date and Annual Summary

U.S. Natural Gas Imports & Exports



1b. Year-to-Date and Annual Summary: U.S. Natural Gas Imports & Exports by Mode of Transport

Volume (Bcf)	Year-to-Date (Jan-Aug)			Annual		
Mode of Transport	YTD 2024	YTD 2023	% Change	2023	2022	% Change
Exports						
LNG by Vessel	2,839.7	2,801.4	1%	4,341.2	3,861.9	12%
Pipeline	2,223.0	2,166.3	3%	3,266.6	3,040.8	7%
Truck	0.2	0.6	-71%	0.7	1.6	-57%
LNG by ISO Container	0.7	0.9	-22%	1.1	2.1	-48%
Total	5,063.5	4,969.1	2%	7,609.6	6,906.4	10%
Imports						
LNG by Vessel	11.5	10.5	9%	13.2	23.5	-44%
Pipeline	2,115.1	1,997.9	6%	3,015.7	3,104.0	-3%
Truck	0.8	1.6	-54%	2.4	2.1	14%
LNG by ISO Container	0	0	-	0	0	-
Total	2,127.3	2,010.1	6%	3,031.2	3,129.6	-3%
Net Exports	2,936.7	2,959.0	<1%	4,578.3	3,776.8	21%

- Notes
- Does not include LNG Re-Exports or Puerto Rico LNG Imports or Exports. See Table 6 for LNG Re-Exports and Table 8 for Puerto Rico LNG Imports and Exports.
 - Totals may not equal sum of components because of independent rounding.
 - not applicable(-).

Press release

SEFE and ConocoPhillips commence long-term gas partnership

- **SEFE to purchase up to nine billion cubic metres of natural gas from ConocoPhillips over the next ten years**
- **Agreement further strengthens security of energy supply for Germany and Europe**
- **SEFE CCO Frederic Barnaud: “This agreement is an important milestone in pursuing our ambition to diversify our natural gas portfolio.”**

[Berlin, 23 October 2024] SEFE Securing Energy for Europe and ConocoPhillips have recently entered into a new long-term natural gas agreement, under which first gas deliveries have been successfully completed. Over the next ten years, ConocoPhillips will deliver up to nine billion cubic metres of natural gas from their European portfolio to SEFE at various trading hubs across Europe.

ConocoPhillips has a large and growing European supply portfolio including Norwegian natural gas production and LNG imports. SEFE's European customer portfolio requires around 20 billion cubic metres of natural gas per year. This partnership is a perfect fit to balance the supply and demand of both companies.

“The long-term partnership between SEFE and ConocoPhillips is an important milestone in pursuing our ambition to diversify our natural gas portfolio,” emphasises SEFE CCO Frederic Barnaud, underlining the relevance of the agreement. “It demonstrates our commitment to securing energy supply for Europe.”

About SEFE

SEFE, an international energy company, ensures the security of supply and drives the decarbonisation of its customers. SEFE's activities span the energy value chain, from origination and trading to sales, transport and storage. Through its decades-long expertise in trading and the development of its LNG business, SEFE has become one of the most important suppliers to industrial customers in Europe, with an annual sales volume of 200 TWh of gas and power. Its 50,000 customers range from small businesses to municipalities and multinational organisations. By investing in clean energies and especially in the hydrogen ecosystem, SEFE is contributing to the energy transition. The company employs around 2,000 people globally and is owned by the Federal Government of Germany.

Securing energy – now and for the future.

Public Relations

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Global Seasonal Climate Update for November-December-January 2024-25

Update

22 October 2024

During July-September 2024, in general, the observed SST anomalies in global oceans were positive. The Pacific Niño sea-surface temperature (SST) index anomaly in the eastern Pacific (Niño 1+2) was negative. Of the other three Niño indices only the Niño 4, the westernmost index, anomaly was above zero while anomalous SST conditions in the equatorial central and eastern Pacific were near-zero. Overall, the SST state in the equatorial central and eastern Pacific reflected ENSO-neutral conditions. The observed Indian Ocean Dipole (IOD) anomaly was near-zero. Both the North Tropical Atlantic (NTA) and South Tropical Atlantic (STA) SST index anomalies were above-zero and reflected widespread warmth in the tropical Atlantic.

Sea-surface temperature anomalies in the Niño 3.4 and Niño 3 regions are predicted to decline during November-January 2024-25 and are predicted to reflect weak La Niña conditions. Farther west in the Niño 4 region, the sea-surface temperature anomaly is also predicted to decline and become negative. The strength of the IOD index is predicted to be above average. In the equatorial Atlantic, SSTs are predicted to be above-normal in both the northern (NTA) and the southern (STA) regions during the season with a prediction for larger positive anomalies for NTA.

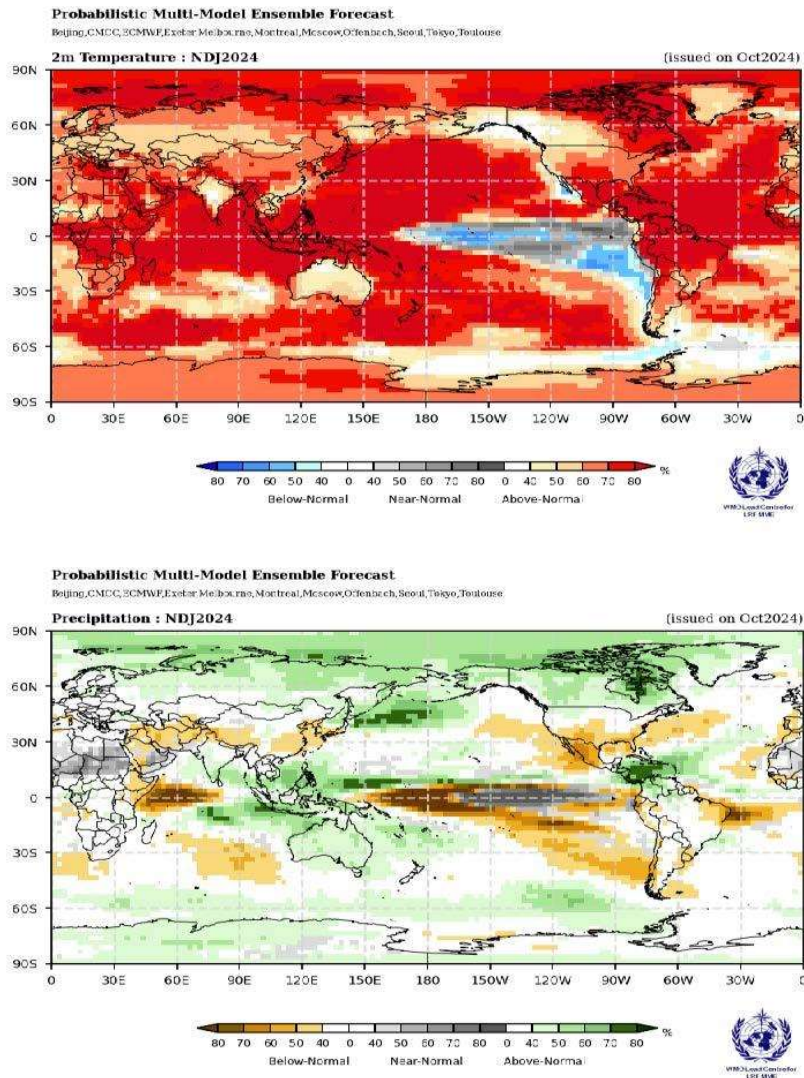


Figure 1. Probabilistic forecasts of surface air temperature and precipitation for the season November-January 2024-25. The tercile category with the highest forecast probability is indicated by shaded areas. The most likely category for below-normal, above-normal, and near-normal is depicted in blue, red, and grey shadings respectively

for temperature, and orange, green and grey shadings respectively for precipitation. White areas indicate equal chances for all categories in both cases. The baseline period is 1993–2009.

Along with the anticipated continuation of widespread above-normal sea-surface temperatures in all ocean basins outside of the near-equatorial eastern Pacific Ocean, there is prediction of above-normal temperatures over almost all land areas. A few exceptions to this widespread warmth include land areas in the vicinity of the Bering Sea and the Gulf of Alaska, Baja California, and interior western region of the Indian subcontinent. Extensive areas of large increases in probabilities for above-normal temperatures include almost the entire South America, the Caribbean, Central America, southwest and extreme northeast parts of North America, between 15°S – 10°N over Africa, parts of Arabian Peninsula, northeast region of the Indian subcontinent, the Maritime continent, New Zealand, and the Arctic regions north of 60°N. Regions with moderate to weaker increase in probabilities for above-normal temperatures include Australia, Europe, between 40° – 60°N over Asia, Greenland, and narrow belt along 15°N in Africa. In coastal areas of southern South America and extending north along the west coast to just north of the equator and into the eastern Pacific, consistent with the predicted emergence of weak La Niña, below- or near-normal temperatures are expected.

Predictions for rainfall for November-January 2024-25 are consistent with the expected impacts of La Niña. Enhanced probabilities for near- or below-normal rainfall are predicted over a narrow band along or just north and south of the equator extending eastward from 150°E to the western coast of South America. Below the equator, there is an additional band of enhanced probabilities for below-normal rainfall starting from 150°W and extending south-eastwards to reach the western coast of South America and crossing into the southern Atlantic. Enhanced probabilities for below-normal rainfall are also predicted over the northeast South America extending into the Atlantic, North America below 45°N, the Arabian Peninsula extending north-eastward into Central Asia, over the Greater Horn of Africa extending into the Indian Ocean to 90°E, and parts of eastern Asia. Enhanced probabilities for above-normal rainfall are anticipated over the region centred over the Maritime Continent extending to cover Australia and extending further into the western Pacific to 150°W, southern regions of Central America and the Caribbean, Arctic regions north of 60°N, the southern regions of the Indian subcontinent, and regions below 60°S in the Southern Hemisphere. Other regions of enhanced probabilities for above-normal rainfall include a band off the coast of eastern Asia extending north-eastward to the Bering Sea and the Gulf of Alaska.

Pemex to cut 20pc of upstream budget in 4Q

- **Market: Condensate, Crude oil, Natural gas**
- **17/10/24**

Mexico's state-owned Pemex plans to reduce its upstream budget by 20pc in the fourth quarter, impacting short-term crude production, according to industry sources and internal documents.

Pemex's new upstream head, Nestor Martinez, has instructed the company's units to implement budget cuts in activities such as major well repairs and seismic data contracts, according to documents seen by *Argus*.

The company aims to save Ps26.78bn (\$1.38bn) in 2024, according to an internal presentation of Pemex's upstream arm (PEP) dated 9 October. Pemex typically spends around Ps130bn quarterly, so the cut represents about 20pc of that, said an industry source.

Pemex did not respond a request for comment.

The reduction could lower Pemex's crude production by 5,804 b/d, according to the document. But the actual impact may be greater if wells go without essential repairs and stop production, sources added.

Pemex produced 1.73mn b/d of crude and condensates in August, according to hydrocarbon regulator CNH data.

This budget cut signals ongoing issues with delayed payments to Pemex vendors, which has worsened over the past six years, according to market sources. The cuts also suggest that President Claudia Sheinbaum's target of maintaining oil output below 1.8mn b/d could lead to further reductions in exploration and production spending.

As of 2 October, PEP owed around Ps99bn to suppliers, with Ps81bn for 2024 work, Ps10.5bn from 2023, and Ps1.9bn from 2022, according to an internal document sent by PEP to its units on 11 October.

In July, Pemex reported Ps126.4bn in [overdue payments](#) across all units.

Oil services companies GMS Bronco, Typhoon Offshore, Cotemar, Perforadora Integral de Orienta and Baker Hughes had the five highest outstanding balances as of 2 October, according to the internal document. Dowell Schlumberger and Halliburton de Mexico, subsidiaries of SLB and Halliburton, were among the 10 companies owed the most by Pemex.

By Édgar Síglér

<https://www.americanrhetoric.com/speeches/claudiasheinbauminauguraladdress.htm>

Claudia Sheinbaum Pardo

Inauguration Address at the Presidential Swearing-In Ceremony

delivered 1 October 2024, Legislative Palace of San Lázaro, Mexico City, Mexico

CONGRESSWOMAN IFIGENIA MARTÍNEZ: In accordance with the provisions of Article 87 of the Constitution, Dr. Claudia Sheinbaum Pardo will be sworn in as President of the Republic before the Congress of the Union.

PRESIDENT CLAUDIA SHEINBAUM PARDO: Honorable Congress of the Union, people of Mexico:

I swear to keep and uphold the Political Constitution of the United Mexican States and the laws that emanate therefrom, and to perform loyally and patriotically the office of President of the Republic that the people have conferred upon me, looking in all things for the good and prosperity of the Union; and if I do not do so, may the Nation demand it of me.

PRESIDENT ANDRÉS MANUEL LÓPEZ OBRADOR: I pass it to you!

CONGRESSWOMAN IFIGENIA MARTÍNEZ: I pass it to you!

PRESIDENT CLAUDIA SHEINBAUM PARDO: Thank you!

CONGRESSWOMAN IFIGENIA MARTÍNEZ: The constitutional President of the United Mexican States, Dr. Claudia Sheinbaum Pardo will address a message to the Nation. I invite you to take your seats. Thank you very much!

PRESIDENT CLAUDIA SHEINBAUM PARDO: Good morning, everyone. Andrés Manuel López Obrador, Honorable Congress of the Union, Supreme Court of Justice of the Nation. Governors, heads of government, special guests, family and people of Mexico, I greet and thank you for the presence of 105 countries that are with us today.

It is a reflection of Mexico's commitment to the international community and the friendship that unites us with all the peoples of the world. I thank John Briceño, Prime Minister of Belize, Luis Ignacio Lula da Silva, President of the Federative Republic of Brazil, Gabriel Borich, President of the Republic of Chile, Gustavo Francisco Petro, President of the Republic of Colombia, Miguel Diaz Canel, President of the Republic of Cuba, Sylvanie Burton, President of the Dominica, Luis Rodolfo Abinader, President of the Dominican Republic, Cesar Bernardo Arevalo, President of the Republic of Guatemala, Regine Abraham, advisor to the President of the Presidential Transitional Council of the Republic of Haiti, Xiomara Castro, President of the Republic of Honduras, Santiago Pena Palacios, President of the Republic of Paraguay, Bouchraya Hammoudi, Prime Minister of the Sahrawi Arab Democratic Republic, Philip Joseph Pierre, Prime Minister of Saint Lucia. I especially greet and thank Dr. Jill Biden who is attending on behalf of the President of the United States of America.

I thank Peter Boehm, representative of the Senate of Canada. Josep Borrel Fontelles, High Representative of the European Union for Foreign Affairs and Security Policy and Vice-President of the European Commission. I am grateful for the presence of former President Christian Wilhelm Walter of the Federal Republic of Germany, representing his country, and of Tie Ning, Vice-Chairwoman of the Standing Committee of the National People's Congress of the Republic of China, Kembo Mohadi, Vice-President of the Republic of Zimbabwe, Teodoro Nguema Obiang, Vice-President of the Republic of Equatorial Guinea, my gratitude to all the heads of delegations from Latin America and the Caribbean, Europe, Africa, Asia and the Middle East, and to the heads of the various branches of government, foreign ministers, ministers, ambassadors, I ask them to convey the warm greetings of the people and government of Mexico to their leaders. I am also grateful for the presence of 23 international organizations. Thanks to Jeremy Corbyn, Member of Parliament of the United Kingdom, leader of the Labour Party...and to the Spanish congressmen, Gerardo Pisarello and many others who are with us and to friendly representatives from different places in the world.

Exactly 19 years ago in this same venue, in an outrage to freedom, the then head of government Andres Manuel Lopez Obrador, in front of that legislature made a speech that forever shook the struggle for democracy, in front of the impeachment trial whose sole purpose was the attempt of an anticipated fraud, said: "You are going to judge me, but do not forget that history will still have to judge you and me."

Today we say it with certainty and without fear of being wrong, history and the people have judged Andrés Manuel López Obrador as one of the greats. The most important political leader and social fighter in modern history, the most beloved President, only comparable to Lázaro Cárdenas. The one who began and ended his term of office with the most love from his people and for millions, and although he does not like to be called, the best President of Mexico -- the one who started the peaceful revolution of the Fourth Transformation of Mexico's public life.

You have asked us on several occasions not to unveil busts, nor put your name on streets, avenues, neighborhoods or colonies, nor monuments or make great tributes. The truth is that there is no need, because you will always be there, where those who fight all their lives, those who do not give up, those who give back hope and joy. You will always be in the heart of the Mexican people.

He retires from public life, as a democrat and Maderista, to continue fighting from another trench, to write about what he has maintained since his early days, when he worked with the Mayan-Chontal people, that the origin of Mexico's cultural greatness lies in the great civilizations that lived in this land centuries before the Spanish invaded.

It is no coincidence, but a harmony of history, that yesterday the reform of the Political Constitution of the United Mexican States, which grants full rights to the indigenous and Afro-Mexican peoples of Mexico, was published in the Official Gazette of the Federation.

Your latest book is titled ¡Gracias!, and today we return the thanks, deep thanks, thanks, thanks, thanks forever. It has been an honor to fight with you. Goodbye, brother, friend, comrade, Andrés Manuel López Obrador.

On June 2 of this year, the people of Mexico, in a democratic and peaceful manner, said loud and clear, it is time for transformation, and it is time for women. Today, on October 1, 2024, the second stage begins,

the second floor of the Fourth Transformation of Mexico's public life, and also today, after 200 years of the Republic and 300 years of the Colony, because prior to that we have no clear records, that is, after at least 503 years, for the first time we women have arrived to lead the destinies of our beautiful nation.

And I say we arrived, because I did not arrive alone, we all arrived.

Mexico is a wonderful country, with an extraordinary people, we are a great nation. Here grew original cultures that gave the world corn, cocoa, tomatoes, who built monumental pyramids, who understood the stars, life and death as part of a constant change, who gave us and continue to give us living languages like no other, who wove and weave textiles with the hands of women artisans who intertwine with the soul and with life; with cultures such as the Maya, who created the zero as part of mathematics, or the Mexica who created the most sustainable method of cultivation known, the chinampa.

Mexico is the country that gave the world Hidalgo, who started with a few people the cry for Independence, and soon thereafter there were thousands who demanded justice, the one who abolished slavery, the one who knew how to lead his people with certainty on the path to freedom and became the Father of the Nation.

Mexico the country of Morelos, who knew how to identify the Sentiments of the Nation to write that sovereignty comes from the people, that torture is not admitted and the urgent need to moderate opulence and indigence; the country of Vicente Guerrero, who, in a difficult moment, when his father asked him to accept the viceroy's indulgence, knew how to say, the homeland comes first.¹

Mexico is Guadalupe Victoria's, Mexico's first President, who, after the Independence, revolted against Emperor Iturbide to achieve the first Constitution of the Republic.

It is the country of Josefa Ortiz, who not only gave the famous heel strike to start the Independence, but also wisely stated: "those who serve the country should not be rewarded, but those who take advantage of it should be punished"; or of Leona Vicario, Mother of the Nation, journalist and fighter for Independence, who 200 years ago knew how to defend women through her thoughts; of Juárez and the Mexican Liberals, who, before anyone else in the world, and with great vision, separated Church and State and defended the nation against the invader; of the Flores Magón brothers, who demanded justice and freedom before anyone else in the 20th century; of the workers of Río Blanco and Cananea; and of Madero, who gave up everything to call the people to arms to fight for democracy; of Zapata, who knew how to demand Land and Freedom; of the brave Villa and also of Carranza, as the only governor who stood up against the Huerta coup d'état.

Mexico is that of the constitutionalists of 1917. Of Lázaro Cárdenas, who distributed the land and expropriated the oil; of Margarita Maza; of Adela Velarde, who commanded the Adelitas in the Revolution; of Dolores Jiménez Muro; of Elvia Carrillo Puerto and the Suffragettes, of Frida Kahlo, of Enriqueta González Baz, the first woman mathematician.

Mexico is a land of free women and men, who throughout the 20th century fought for democracy, freedoms, and justice; of the students of 1968, of the hundreds of men and women who are no longer with us today, but from whom we are proudly their heirs.

Mexico is a wonderful country, for our cultural mosaic, for our biodiversity. Mexico is wonderful thanks to our countrymen and countrywomen, heroes and heroines who live in the United States and who with love for their family and homeland send their support every month.

Mexico is a wonderful country, because of its generous, supportive, joyful, libertarian, resilient, rebellious, wise, and empowered people. Today, thanks to everyone, Mexico is the twelfth largest economy in the world and the sixth most popular tourist destination.

Mexico, it's great.

I call on everyone to reflect and evaluate with a cool head what happened during these six years. With solid data, recognized nationally and internationally, let us answer the following questions: How is it that 9.5 million Mexicans, according to the World Bank, were lifted out of poverty in only 6 years? How is it that inequalities were reduced without raising taxes? How is it that we are one of the least indebted countries in the Organization for Economic Cooperation and Development with a strong currency? How is it that we are one of the countries with the lowest unemployment rates? How is it that there is more welfare and at the same time the businessmen and banks earned more? How is it that we have record foreign direct investment and at the same time wages have increased? How is it that the minimum wage increased, and inflation did not rise?

The answer is that the country's development model changed, from the failed neoliberal model and the regime of corruption and privileges to one that emerged from Mexico's rich history, from the love for the people and honesty. We call it "Mexican Humanism."

That is why we talk about a profound transformation. And let's admit it: Everyone has fared better. With this thinking and its implementation, many myths and delusions of the past have been dispelled.

For example, during the neoliberal period, the one that cost the people of Mexico so much and marked our history for 36 long years, it was said that the State should be diluted or subordinated to market forces, that if the economy was watered down from above it would reach those below, that if the minimum wage was increased there would be inflation and there would be no foreign investment, that if the State participated in the economy there would be economic crisis and devaluation, that corruption was inherent to the government, that freedom did not only exist in the market, that freedom only existed in the market, that education, health, housing and fair wages were commodities and not rights. All of it turned out to be false.

Therefore, for the good of Mexico, for everyone, we will continue with Mexican Humanism, with the Fourth Transformation. I summarize some of what I consider to be its main principles:

- **For there to be prosperity, it must be shared.** Or in other words, for the good of all, the poor must come first.
- There can be no rich government with poor people. This is a phrase of Benito Juárez García, which the governments of the transformation make a reality, and which sustains that the ruler must live in the right moderation, without luxuries, paraphernalia or privileges, and that the government must not be a burden for the people. This is what we call "republican austerity."

- We, the leaders, must be honest. The use of government structures for personal or group benefit taints public service. Corruption must be fought out of ethics and principles but also, as we have seen, because that is where the resources necessary for the welfare of the people and the development of the nation lie. In short, honesty gives results. Moreover, moral authority is the most important thing, and that cannot be bought at the corner. It is built with a single mystique -- that of fighting with honesty every day for a Mexico with justice, democracy, and freedom.

- The maximum principle, that democracy is the government of the people, by the people and for the people. Or, to return to Juarez, "With the people everything, without the people nothing."

- Prohibited to prohibit. Freedom is the essence of democracy.

- The development and welfare of the people can only be strengthened by caring for the environment and natural resources.

- Women have the right to substantive equality.

- Mexico is a sovereign, independent, free and democratic country. We want peace and fraternity among nations, and we coordinate, but we do not subordinate ourselves.

- Politics is made with love, not hate. Happiness and hope are based on the love for one's neighbor, family, nature and homeland.

- We condemn classism, racism, sexism and any form of discrimination. It is not only a matter of tolerance, but also the recognition that the deepening of inequalities will always lead to injustice. Fraternity means seeing each other as equals.

With this in mind, I would like to state the following: In our government we will guarantee all freedoms: freedom of speech, freedom of the press, freedom of assembly, freedom of mobilization. Freedom is a democratic principle, and we are democrats. Human rights will be respected, and we will never use the force of the State to repress the people. We will respect and guarantee the religious, political, social, cultural and sexual diversity of our society. Anyone who says there will be authoritarianism is lying.

Our foreign policy will follow the constitutional principles of self-determination of peoples, non-intervention and the peaceful settlement of disputes.

In economic matters, the autonomy of the Bank of Mexico, a responsible fiscal policy and a reasonable debt-to-gross domestic product ratio will be maintained.

We will promote public and private investment. I say it clearly: Rest assured that the investments of shareholders, both national and foreign, will be safe in our country.

We will not increase the price of gasoline, diesel, domestic gas, or electricity in real terms. In the coming weeks we will be calling on businessmen to confirm the agreement that maintains the prices of the basic food basket without increases.

We will take advantage of the trade agreement with the United States and Canada to continue promoting the relocation of companies, while promoting regional development with well-being and care for the environment.

The United States, Canada, and Mexico know that economic cooperation strengthens all three nations. It is clear that we do not compete with each other. We complement each other and, in addition, we generate the conditions for a greater consolidation of the economy of the entire continent, in a vision of the present and future of the world economy.

We will continue to strengthen our economic and cultural relations with the countries of Latin America and the Caribbean. We are united by history and commitment, as well as with the different countries and regions of the world.

We will work hand in hand with the business sector and workers to continue increasing the minimum wage. Our goal is to reach 2.5 basic food baskets.

We will carry out the most ambitious digitalization program in history, to facilitate the payment of taxes and other procedures, as well as to encourage investment.

There will be rule of law. The recent constitutional reform of the judiciary, which provides for the election of judges, magistrates, and ministers by popular vote, means greater autonomy and independence for the judiciary.

Think about it just for a moment: If the objective had been for the President to control the Supreme Court, we would have made a Zedillo-style reform. No, that is authoritarianism, we are democrats.

We want to put an end to corruption in the Judiciary. It is a process in which there will be a single call, a selection committee for candidates to ensure that they meet the requirements. And who will decide? It will be the people. How can a decision that in essence is democratic and allows the people to decide be authoritarian?

I am sure that in a few years we will all be convinced that this reform is the best. I would like to take this opportunity to tell the workers of the Judicial Branch that their rights and salaries are fully safeguarded.

All welfare programs will be maintained, and we will ensure that their annual increase will never be below inflation. In addition, it is about to be approved in Congress that these rights become constitutional so that no one can reverse them.

Universal pension for the elderly, universal pension for people with disabilities, Benito Juárez scholarships for public high school students, scholarships for low-income students, Sembrando Vida [Sowing Life], Jóvenes Construyendo el Futuro [Youth Building the Future], production and fishing for well-being, free fertilizers, guaranteed prices, the Escuela es Nuestra [School is Ours] and the Clínica es Nuestra [Clinic is Ours] will all continue.

We will make three new welfare programs a reality. All women between the ages of 60 and 64 will receive bimonthly support in recognition of the work of Mexican women.

All children who go to public school or who go to public school for preschool, elementary and high school will have a scholarship. We will start next year with high school. Children should be happy; they are not only the future but the present of Mexico.

We will bring prevention and health care to the elderly in their homes. To this end, we will hire 20,000 doctors and nurses. The constitutional recognition of indigenous and Afro-Mexican peoples, once in the Constitution, we will make it a reality. We will consolidate IMSS/Bienestar as the best public, free, and quality health care system.

We will increase the number of high schools in public universities so that at least 300,000 more spaces will be available for higher education. Health and education are rights of the Mexican people, not privileges or commodities.

We will build at least one million homes, especially for young people, in schemes where they can first rent and then buy a home if they wish. In addition, there will be low-cost loans for home improvement and a massive deed program.

In terms of infrastructure, the Tren Maya will be extended to Puerto Progreso in Yucatán, and its more than 1,500 kilometers will also be a freight train. Line K of the Interoceanic Train from Ciudad Ixtepec to Ciudad Hidalgo in Chiapas, on the border with Guatemala, will be completed.

In addition, we want to build twice the number of kilometers of passenger trains that the President built. From Mexico City to Pachuca, from Mexico City to Nuevo Laredo and from Mexico City to Nogales, as well as the restoration of the passenger train to Veracruz. Before, they were privatized/ Now, we proudly recuperate the passenger trains because they mean regional development, jobs, tourism, and shared prosperity.

We will continue with artisanal roads to connect communities and with the construction of ports, airports and highways that generate development with wellbeing, and at the same time strengthen infrastructure and connectivity in our country and boost investment.

As we have stated since the campaign, the current ratio between public and private electricity generation of 54% and 46%, respectively, will be maintained. In a few days, we will present the National Energy Plan, which includes new investments in transmission, generation and an ambitious program of energy transition to renewable energy sources that contribute to reduce greenhouse gases that cause climate change.

Private investment to cover 46% of generation will be made with clear rules, within the framework of the law and guaranteeing stability in the electricity system. All of us need strong public energy companies that guarantee clean energy at low prices for current and future generations.

The fundamental objective of oil production with Pemex will continue to be national consumption and this will be limited to a production of 1.8 million barrels per day. We will promote energy efficiency and the transition to renewable energy sources to absorb the growth in energy demand through these sources. Remember that the energy reform proposed a production of three million barrels per day that is environmentally impossible. It is better to promote efficiency and renewable sources.

We will advance in food sovereignty and self-sufficiency, as the President says: "feed those who feed us." We will not allow the planting of transgenic corn, says Andrés Manuel López Obrador. We will not allow the planting of transgenic corn. We will be self-sufficient, not only in white corn, but also in beans and

other crops, and Diconsa will be transformed into Alimentación para el Bienestar with the objective of promoting prices and fair trade for various agricultural products and continue serving 22 million families.

We will build the most ambitious circular economy project in the world in Tula, Hidalgo. This means that we will build an environmental complex to take advantage of waste, water treatment, energy generation and recycled products, which will allow us to reduce pollution and generate jobs. The most polluted city will become the cleanest city. That is what I committed to in my campaign.

We will initiate the regulation of concessions and the transfer of water rights. To this end, this month we will sign a national agreement for water security and sustainability, with all stakeholders, and we will make legal reforms to guarantee water as a national resource.

We will technify more than 200,000 hectares of irrigation and develop strategic projects for water supply and recycling. We will also clean and sanitize the country's most polluted rivers.

We will make Mexico a scientific and innovation power. To this end, we will support the basic natural and social sciences and the humanities and link them with priority areas and sectors for national development.

Mexican men and women have creativity, tenacity, and abundant capabilities. I am convinced that we cannot lag behind in technological development. Let's think about it: We have great thinkers and innovators, innovators since pre-Hispanic times. We have first-class universities and technology centers, and Mexicans are hard-working and creative.

In the area of security, we will guarantee the reduction of high-impact crimes. Calderon's irresponsible war on drugs, which continues to do so much damage to Mexico, will not return.

Our conviction is that security and peace are the fruit of justice, and our strategy consists of four axes: attention to the causes; always giving young Mexicans the possibility of having access to all rights; intelligence and investigation; strengthening of the National Guard. Whoever believes that the National Guard being in the Secretary of Defense is militarization is totally mistaken.

We will coordinate with municipalities, states, with the Public Prosecutor's Office, with the Attorney General's Office, which in its autonomy does not mean that it will stop coordinating. This will allow us to advance even more. Attention to the causes and zero impunity, with the four axes of security with justice. As head of government in Mexico City, we reduced the number of intentional homicides by more than 50% in just four years.

I would like to take this opportunity to say that tomorrow afternoon we will be in Acapulco, to continue the immediate attention given by the Mexican government, and we will support, as we have always done, as humanist governments, all the victims in Guerrero and other states.

I said that the people were very clear in saying, this June 2, it is time for transformation, and it is time for women. For a long time we women were annulled. Many of us were told a version of history since we were children, which wanted us to believe that the course of humanity was led only by men. But little by little this vision has been reversed.

Today, we know that women participated in the great feats of Mexico's history from different fronts. And we also know that women can be Presidents. With that, I respectfully invite everyone to say Presidenta with an "a" at the end, just like abogada [lawyer], científica [scientist], soldada [soldier], bombera [firefighter], doctora [doctor], maestra [teacher], ingeniera [engineer] with an "A," because as we have been taught, only what is named exists.

Today, I want to recognize not only the heroines of the homeland, whom we will continue to exalt, but also all the anonymous heroines, the invisible ones, whom we make visible with these lines, those that with our arrival to the Presidency and these words I make appear, those who fought for their dream and achieved it; those who fought and did not achieve it; those who were able to raise their voices and those who did not; those who had to remain silent and then shouted alone; the indigenous women [who] arrive; the domestic workers who leave their villages to support all the rest of us.

To the great-grandmothers who did not learn to read and write because school was not for girls. Our aunts arrive, who found in their loneliness the way to be strong. To the anonymous women, the anonymous heroines who, from their homes, the streets or their workplaces, fought to see this moment.

Our mothers arrive, who gave us life and then returned to give us everything. Our sisters, who from their history managed to move forward and emancipate themselves. Our friends and companions arrive. Our beautiful and brave daughters arrive, and our granddaughters arrive, they arrive, those who dreamed of the possibility that someday, no matter if we were born as women or men, we can realize our dreams and desires, without our sex determining our destiny. They arrive, all of them who thought us free and happy.

And with all of them here on our side, come our greatest dreams and longings, come with us the people of Mexico, empowered men and women; the transformation gave them back their dignity, freedom, and happiness, and no one else will ever be able to take that away from them.

I am a mother, a grandmother, a scientist, and a woman of faith. And, as of today, by the will of the people of Mexico, the constitutional President of the United Mexican States.

I will govern for all. And be certain that I will place my knowledge, my strength, my history, and my very life at the service of the people and the country. I am certain that together we will consolidate a Mexico that is more prosperous, free, democratic, sovereign, and just. And I will not let you down.

I call on you to continue making history.

Long live the Fourth Transformation!

Preface

The Norwegian Offshore Directorate's primary objective is to contribute to the greatest possible values for society from the oil and gas activities through efficient and prudent resource management, where due consideration is given to health, the environment, safety, as well as other users of the ocean.

The Norwegian Petroleum Directorate has had responsibility of all of this for more than 50 years. Today's world is vastly different from where we started out. When we changed our name to the Norwegian Offshore Directorate on 1 January 2024 it was, in part, a reflection of the new endeavours and challenges we have taken on, not least those related to CO2 storage and seabed minerals.

Let's focus on the future. The vast resources we still have on the NCS will help supply the energy the world needs in the years to come. In fact, Norwegian oil and gas can be a key factor in addressing very real challenges, such as secure and stable energy for Europe. At the same time, interesting new concepts such as seabed minerals and CO2 storage could possibly be developed into profitable new industries, creating enormous value and bringing important contributions to the energy transition.

A long-term perspective is one of the essential building blocks in our resource management. This report illustrates opportunities, and outlines what's needed to make sure our shared resources continue to generate value for the broader society. We need to be aware of the significant uncertainty linked to long-term value creation and ongoing development. These are broad considerations in every sense of the word – the geopolitical situation, climate policy in the EU and worldwide, developments in the oil and gas markets and in more concrete terms, evolving technology and overall costs.

Keeping all of this in mind, our long-term assessments need to reflect this uncertainty, while standing up to scrutiny in a rapidly changing world.

Our guiding objective is to promote good choices as we stake out a course to create more value in the future. We hope this report can facilitate better dialogue, increase understanding of both challenges and opportunities on the NCS, and can thereby unlock the best path forward. Working together, for the benefit of all.



Kjersti Dahle
Director technology, analyses and coexistence

It is with great sadness that we note the passing of two of our colleagues over the past year, Dag Helliksen and Kirsti Veggeland. We want to honour their legacy by dedicating this report to them.

Summary

However, realisation of these resources requires an ambitious path that will need careful consideration and hard work. Forecasts point to an expected decline in overall production on the NCS after 2025. Smart exploration and robust investments will be needed to curb this decline. If investments falter, the stage will be set for a rapid dismantling of our petroleum sector.

Extraction of seabed minerals, CO2 storage and offshore wind could become profitable new industries; assuming they prove themselves cost-effective, and that they can stand up to competition with alternatives. These new industries are also well-suited to reinforce and benefit from already established value chains and the many lessons already learnt.

Oil and gas going forward to 2050

The Norwegian Offshore Directorate seeks to provide data and analyses to support decision making for developing the NCS. The preparation and development of alternative scenarios for total oil and gas production up to 2050 is a key part of these efforts. All three scenarios presented here do indeed indicate production decline, but with very different trajectories.

What this production decline entails will ultimately come down to a number of factors including how much exploration is undertaken and how quickly, as well as the pace of technological progress and development. It's worth noting that this generally accepted production decline is in line with the objectives of the Paris Agreement.

In the basic scenario multiple discoveries are made and brought on stream, accompanied by investments aimed at increasing recovery from existing fields. Despite this, resource growth will not be sufficient to offset the overall gradual decline, due to diminishing production from the major, mature fields.

In contrast, the high scenario will mean vigorous exploration, many discoveries, rapid technological development and eager investors willing to take a chance on the NCS, bolster production and thus help mitigate shrinking government revenues up to 2050.

Finally, a look at the low scenario reveals sluggish exploration activity and investment, thus leading to rapid dismantling of the petroleum sector and the inevitable significant drop in revenue for the government.

Substantial resources still in the ground

The NCS still contains large undiscovered oil and gas resources. To secure our objective to maximise the value of the resources on the shelf, the resources first need to be found. Finding these resources will mean more exploration, both in more frontier areas and close to the extensive infrastructure already in place.

There are interesting opportunities when it comes to undiscovered resources, both in familiar and less-explored areas. More extensive and detailed information, better data coverage, new work methods and pioneering technology open the door for fresh approaches in exploration, which could result in more profitable discoveries in the time ahead.

The ability to consistently incorporate new learning and the will to seek new knowledge and develop new technology are also important contributors that can enable us to unlock the values in challenging reservoirs, and also in smaller discoveries. And development of advanced methods to improve recovery from existing fields represent a very significant upside potential.

Profitable exploration

There is no question that exploration is a profitable activity. The Norwegian Offshore Directorate conducted an analysis of exploration activity over the past 20 years which confirmed that exploration for oil and gas on the NCS helps deliver incredible value for the broader community.

In concrete terms, we're talking about more than 2000 billion Norwegian kroner (net present value). In fact, discoveries have generated value amounting to more than three times the costs devoted to exploration during this period.

Discoveries that have resulted in actual production have already offset total costs for all exploration investments in this period. The current track record shows a respectable 50 of 190 discoveries achieving development and production. That leaves around three-quarters of the discovered resources still waiting. The investments already made will continue to generate revenue as more discoveries come on stream.

Another takeaway from the analysis is that, while larger discoveries contribute most to value creation, a combination of many small discoveries can also deliver very substantial value across the board.

Robust activity

A large number of PDOs (plans for development and operation) were submitted to the Ministry of Energy in 2022, all of which secured approval during the course of 2023. The spike in PDO submissions can mainly be attributed to the temporary changes in petroleum taxation introduced in 2020.

These changes have helped facilitate more developments, paving the way for a swifter path from planning to production. The Directorate's analysis confirms that this has had a substantial positive impact on value creation.

Increased gas export capacity from the Barents Sea

The Norwegian Offshore Directorate's projections indicate that nearly two-thirds of all undiscovered resources are in the Barents Sea. The challenge here is that, without a firmer commitment to increase gas export capacity, these gas resources and values could remain locked in the subsurface for quite some time.

Designing and building more extensive infrastructure in and around this area is a prerequisite for developing oil and gas resources already proven. An increase in gas export capacity would also mean incentives for further gas exploration. There are a number of existing opportunities in the Barents Sea worthy of more detailed study.

Foundation for long-term production

What are Norway's advantages? Vast remaining resources, well-developed infrastructure, low operating costs and stable, practical overall framework conditions. This tried and tested model suggests that Norway has what it takes to continue in its role as a competitive producer and exporter of oil and gas for the foreseeable future.

But there's more. Huge volumes of CO₂ resulting from power generation and industrial activity in Norway and Europe can be stored in the subsurface on the NCS. This presents a range of opportunities which are generating substantial interest and activity.

The Norwegian Offshore Directorate has also mapped significant mineral resources on the seabed which could contribute to the global supply of critical minerals. The first licensing round is expected to open in 2024. Time will tell whether this could prove to be an important new industry that can create value for Norway as a whole.

Background

In this chapter:

- [Uncertain global landscape](#)
- [The world needs oil and gas](#)
- [The Norwegian continental shelf is competitive](#)
- [Need for considerable investments moving forward](#)
- [New industries on the shelf](#)

The Norwegian continental shelf (NCS) has supplied Europe with oil and natural gas for more than 50 years. The efforts invested on the NCS have brought secure and stable energy to Europe, while simultaneously providing Norway with vast revenues. Norway is currently the largest producer of oil and gas in Europe.

Uncertain global landscape

The global population, as well as business and industry, need energy to function and to reach the UN's Sustainable Development Goals(1). Uninterrupted access to sufficient energy at acceptable prices is a prerequisite for sustainable economic progress and social welfare development. Procuring enough energy for a growing global population poses however a significant challenge.

With the exception of brief periods during economic crises, global energy consumption has increased year-on-year. Particularly rapid energy consumption spikes have been observed in important regions of the global economy during periods of high economic growth. Whereas developing countries are especially vulnerable in terms of underlying energy needs. Their growing populations need energy to meet basic needs and achieve their desire for a better life and higher standard of living.

Significant and rapid emission cuts, in line with the goals of the Paris Agreement, will require an energy transition involving extensive changes in global energy supply. Among other things, this includes energy efficiency measures, more development of renewable energy alongside new low-emission solutions such as carbon capture and storage (CCS). The energy and climate challenges the world is facing will need a range of simultaneous solutions.

Coal, oil and gas dominate the current, complex global energy system. This dependence leads to substantial greenhouse gas emissions, which have serious and irreversible consequences.

These energy sources have consistently accounted for around 80 per cent of the overall energy supply. More prevalent use of new energy sources has made significant additional contributions to existing sources, a factor which has been crucial in addressing rising energy needs. Furthermore, there is still extensive use of traditional biomass, with the associated challenges this brings for many low-income countries.

It will be challenging to implement the necessary transition of global energy systems quickly and the pace is uncertain. An energy system that is consistent with the goals of the Paris Agreement will however be entirely different from the system in place today. Renewable energy will be an important part of the solution, but as of today, it is difficult to predict which combination of technologies and solutions will prevail and succeed. Particularly when other societal considerations are also taken into account. The uncertainty surrounding future developments has therefore a direct impact on the need for the different energy sources.

Both commercial and political reasons have led various business sectors in the West to limit their investments in fossil energy, which to a lesser extent, are also being seen in other parts of the world. Many western countries have introduced measures to improve their energy security in the wake of Russia's invasion of Ukraine. At the same time, several major oil companies have tweaked their business strategies to reflect a more balanced split between oil and gas activities on one side and renewable energy on the other.

While European gas prices so far in 2024 remain far lower than the record prices in 2022 and the last half of 2021, prices are still high in a historical and global perspective. In Europe, the lapse of Russian gas deliveries has led to a significant increase in imports of liquefied natural gas (LNG). LNG

represents a link, both physically and in terms of price, between the gas markets in Asia, Europe and the US.

The global balance and competition in the LNG market is one of the most important drivers behind the evolution of European gas prices. Developing countries that import LNG are most vulnerable to the impact of high gas prices, but even in Europe, this is a challenging price level for households, businesses and energy-intensive industry.

The world needs oil and gas

Oil and gas accounted for about 55 per cent of total global primary energy consumption in 2023(2). According to the International Energy Agency (IEA) and other analyst communities, there will still be a need for oil and gas in 2050, see figure 3.1.

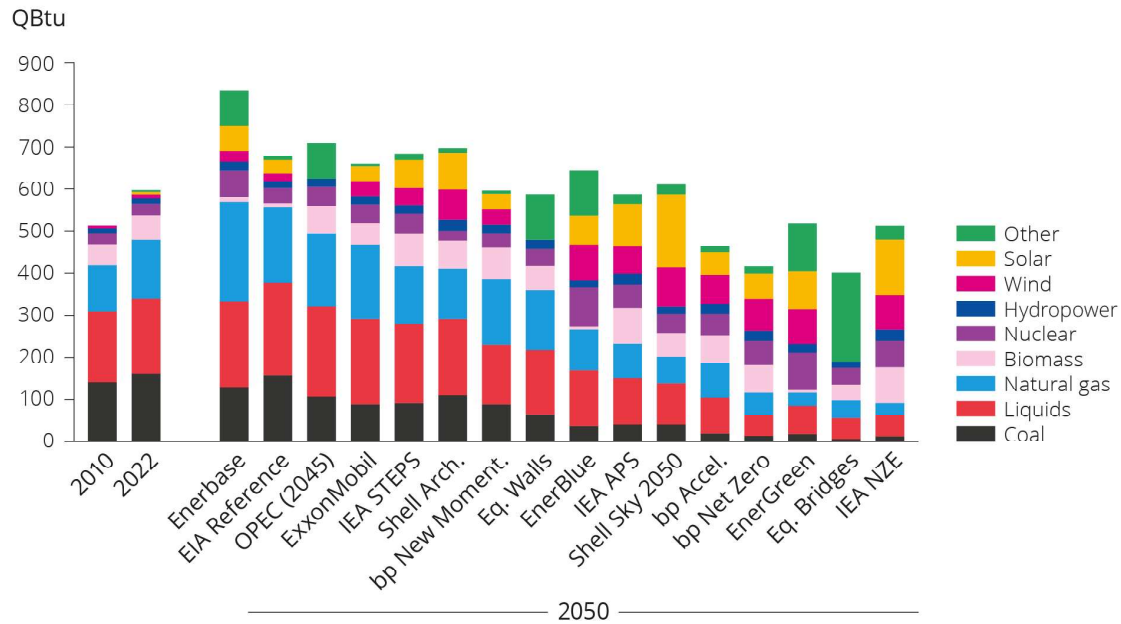


Figure 3.1 Global primary energy demand in 2050, different energy forecasts and scenarios.
Source: Resources for the Future, 2024; British thermal units – Btu.

This figure was prepared by the US-based independent research foundation Resources for the Future (RFF)(3). Each year, RFF compares various selected long-term energy forecasts and scenarios in an effort to identify primary trends in global energy consumption and production. In most scenarios, global demand for primary energy will either grow modestly or decline toward 2050. This will be the case despite the substantial expected increase in global population. The main reason for this is a global economy that is becoming more energy efficient.

Six of the scenarios show increased demand for oil/liquids leading up to 2050, while demand for natural gas rises in eight, which is half of the scenarios. Consumption will remain high after 2050, despite a decline in demand for fossil energy. This will be the case even in normative scenarios where global warming is limited to 1.5 degrees Celsius.

As production from current oil and gas fields is subject to natural decline, considerable investments in new capacity will be needed in order to meet future demand. In relative terms however, the industry(4) expends less capital on new investments than on dividend and share buybacks, see figure 3.2.

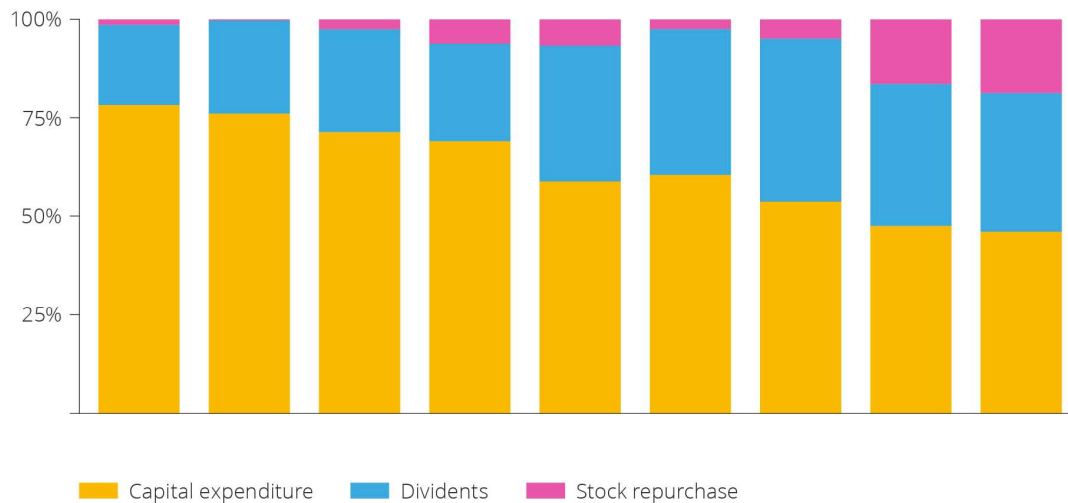


Figure 3.2 Expenditure on investments in exploration and recovery, dividend and share buybacks for the 30 largest oil and gas companies, 2015–2023 (Source: IEA 2024).

Companies will likely lean towards investing capital in oil and gas resources they find most profitable, which generally means oil and gas resources with low costs and low emissions per produced unit. These are often called 'advantaged' resources⁽⁵⁾. The companies are therefore expected to seek out such advantaged resources, rather than investing in existing discoveries and fields challenged by high costs and emissions. Heavy oil and shale oil are examples of more challenged resources.

A study conducted by Wood Mackenzie⁽⁶⁾ shows that there are few advantaged oil and gas resources available globally to meet future demand. Yet, these resources are plentiful on the NCS.

The Norwegian continental shelf is competitive

Nearly all oil and gas produced on the NCS is exported to Europe. This helps ensure a safe and stable energy supply for Europe.

The removal of Russian gas following the invasion of Ukraine laid bare the importance of stable gas deliveries from Norway to the rest of Europe. In 2022, Norway increased its gas exports by about 8 per cent or 9 billion scm (standard cubic metres). Deliveries from Norwegian fields have helped cover a higher share of Europe's gas needs than before. The volume supplied by Norway now corresponds to about 30 per cent of the EU's and UK's total gas consumption.

Without deliveries of these Norwegian resources, Europe would have a greater need to purchase LNG on the global market. This in return, would lead to a tighter global market, and would also have a greater impact on developing countries in Asia that need to import gas. Without deliveries from Norway, European gas and energy prices could be even higher.

Access to energy have increasingly become part of national security policies. Norwegian presence in the high north and Norway's protection of critical societal functions such as gas infrastructure, will likely only become more important moving forward.

In spite of somewhat higher exploration and development costs compared with other petroleum provinces, the NCS is well-positioned to remain a competitive producer and exporter of oil and gas.

The relatively higher costs are caused in part by the fact that activities take place far out at sea and under challenging weather conditions. Substantial remaining resources, well-developed infrastructure, low operating expenses and stable framework conditions make the NCS an attractive investment opportunity, see figure 3.3⁽⁷⁾.

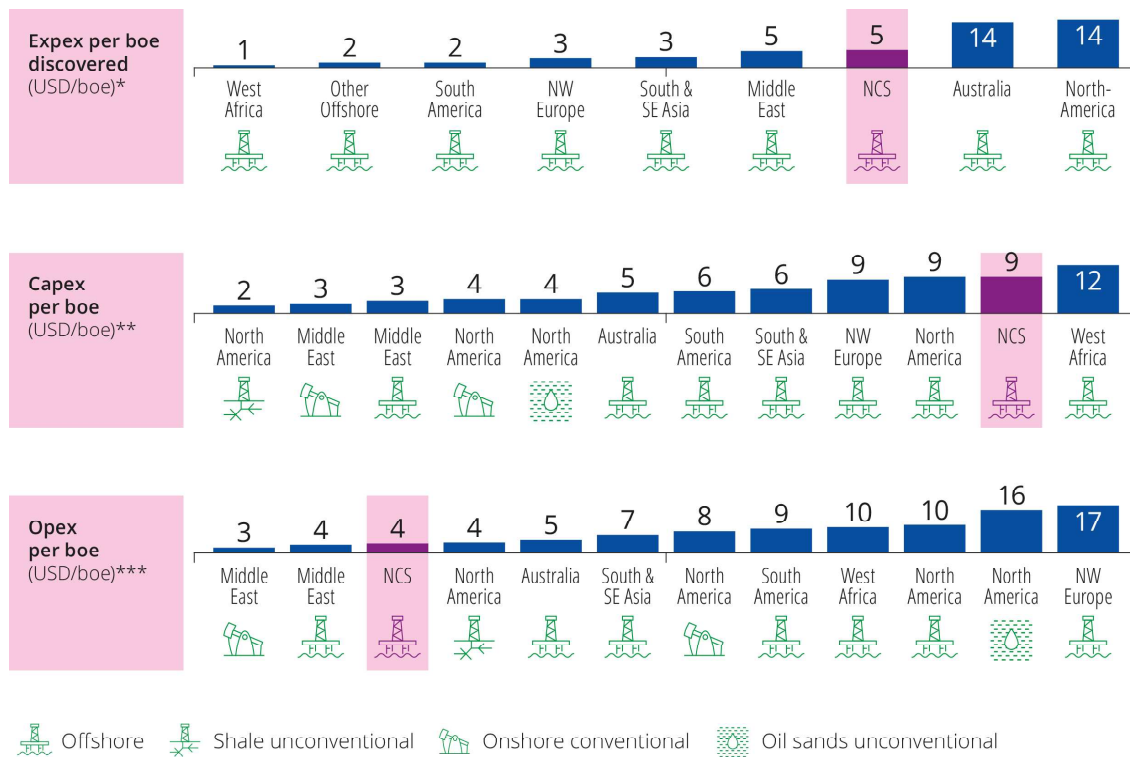


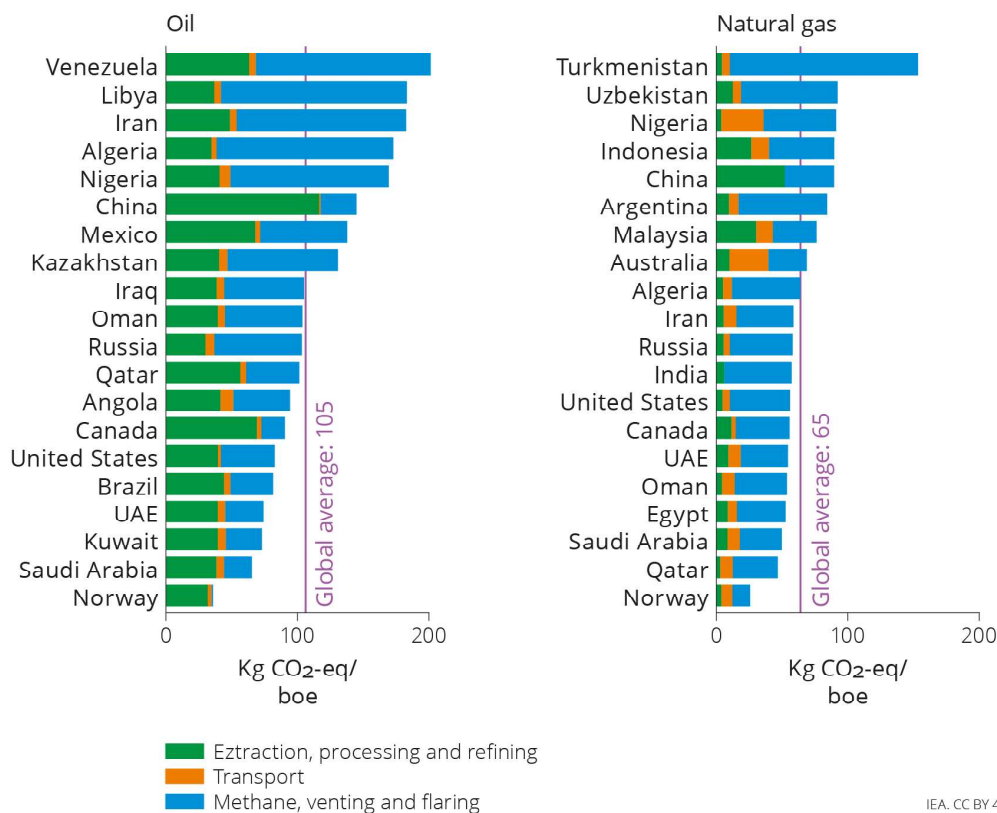
Figure 3.3 Unit costs for exploration, development and operations on the Norwegian shelf compared with other petroleum provinces in 2021.

***Exploration expenses per barrel; offshore only. Only includes commercial discoveries where public information is available. Average of 2019 and 2020.**

****Greenfield capital expenditures related to sanctioned oil and gas fields in current year. Volume-weighted average of 2019 and 2020.**

*****Operating expenses do not include transport costs and tax. Only includes opex associated with the production of hydrocarbons in addition to sales, general and administrative expenses (Source: OG21 2021).**

The NCS has very low greenhouse gas emissions per produced unit compared with other petroleum provinces, see figure 3.4(8).



IEA. CC BY 4.0.

Figure 3.4 Comparison of average emission intensity in kg CO₂ equivalent/bbls of oil equivalent in 2022 for the largest oil and gas producers (Source: IEA 2023b).

Need for considerable investments moving forward

Petroleum investments increased sharply in 2023 after declining for three years straight, see figure 3.5. Investments in field developments were the main contributor to the increase, while the rise in exploration was more moderate.

The increase in 2023 must be viewed in context with high petroleum prices and the temporary changes in the petroleum tax rules that were implemented in connection with the oil price plunge in the spring of 2020. This ensured that plans for development and operation (PDOs) for as many as 13 new field developments were submitted in 2022. Several investment decisions were also made for further development of operating fields and improved recovery on existing fields.

The high number of field developments will contribute to stable activity levels moving forward. In a longer perspective, the decline in remaining resources is eventually expected to lead to lower investments in oil and gas production.

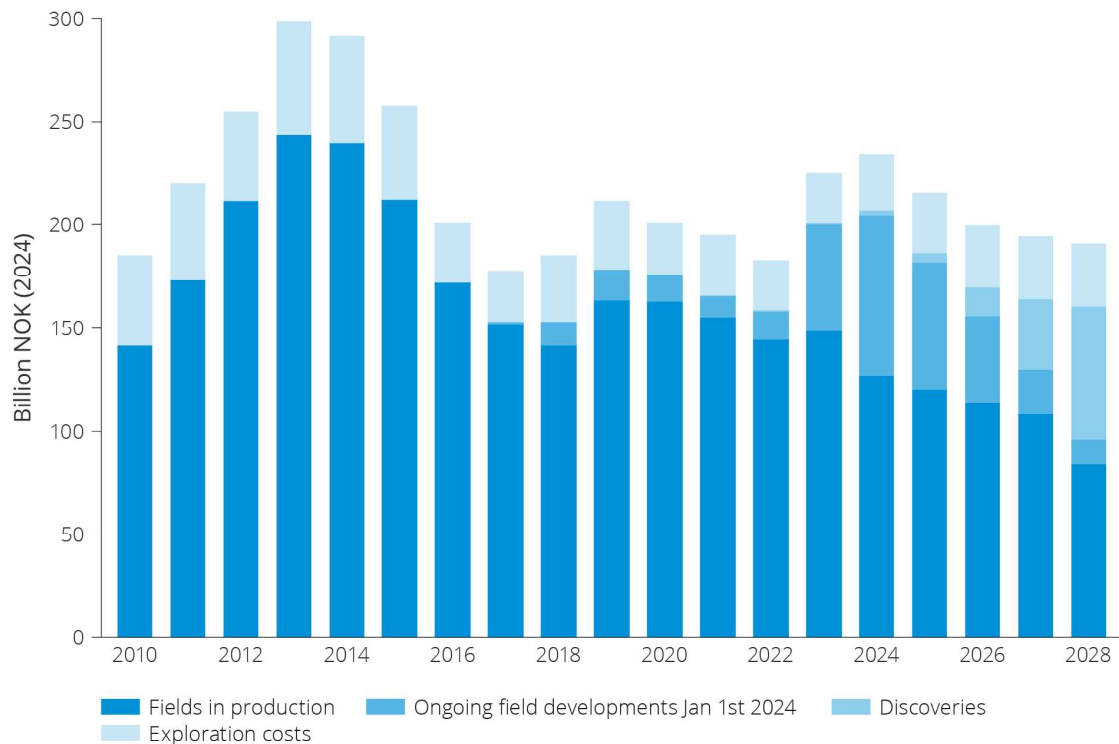


Figure 3.5 Historical petroleum investments and projections for future petroleum investments on the NCS.

Petroleum production on the NCS increased slightly in 2023 in relation to 2022, but has been on plateau more or less since 2021. It is below its highest level in 2010. At the same time, gas production declined somewhat from record-high levels in 2022. The production of petroleum has increased each year starting in 2020 (Figure 3.6) and is expected to increase further in 2024 and 2025. The Norwegian Offshore Directorate projects that the level in 2025 will be the highest since 2006.

Production from existing fields will presumably decline after 2025, and production and exports from the NCS will gradually start to fall if no action is taken.

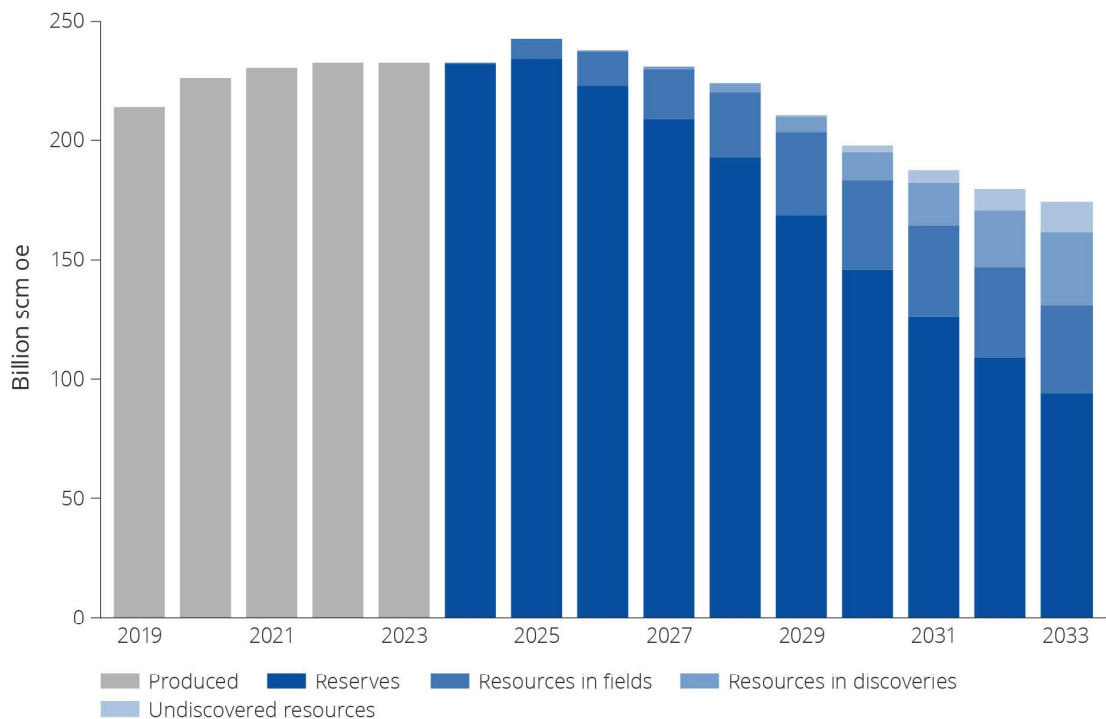


Figure 3.6 Production history and forecasts by resource class (Resource Accounts as of 31 December 2023(7) RNB 2024).

In order to slow the decline in production, the companies will need to make more and larger discoveries and complete additional projects for improved recovery. The Norwegian Offshore Directorate's assessments indicate that In 2033, about one-half of total production will be from projects that have not been approved as of June 2024 (see resource classification below).

Resource classification

The Norwegian Offshore Directorate's resource classification system is used for petroleum reserves and resources on the NCS (figure). This system is structured in such a way that the authorities receive the most uniform possible reporting from licensees as input to the Directorate's annual updating of the resource accounts.

"Resources" is a collective term for all oil and gas that can be recovered. They are classified in the Norwegian Offshore Directorate's resource classification system according to their level of maturity, with regard to how far they have come in the planning process from discovery to production.

Developed in 1996, the classification system was revised in 2001 and 2016. Changes in 2016 primarily involved language improvements, including new designations for certain resource classes. The classification relates to the total recoverable quantities of petroleum.

The system is divided into three classes: reserves, contingent resources and undiscovered resources. All recoverable petroleum quantities are called resources, and reserves are a special category of these. Reserves are the petroleum quantities covered by a production decision. Contingent resources cover both recoverable quantities which have been discovered but are not yet subject to a production decision, and projects to improve recovery from the fields.

The classification utilises the letters "F" (first) and "A" (additional) respectively to distinguish between the development of discoveries and deposits, and measures to improve recovery from a deposit. Undiscovered resources are petroleum quantities which could be proven through exploration and recovered. The quantities produced, sold and delivered form aggregate historical production(8).

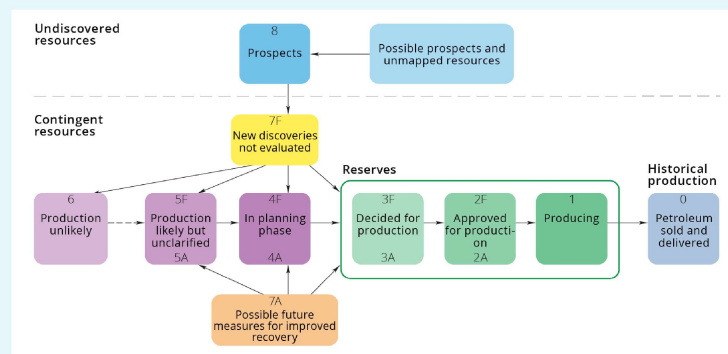


Figure The Norwegian Offshore Directorate's resource classification system 2016.

New industries on the shelf

The need to reduce CO₂ emissions means that multiple facilities will be needed to capture and store CO₂ (CCS). CCS involves capturing CO₂ from power generation and industry and transporting and storing it safely in geological formations deep underground. There are several suitable formations on the NCS.

The energy transition will also lead to an increased need for renewable energy, which is dependent on multiple minerals and metals. Some of which can be found on the NCS.

Russia's Seaborne Crude Shipments Rise to the Highest Since June

2024-10-22 09:28:36.519 GMT

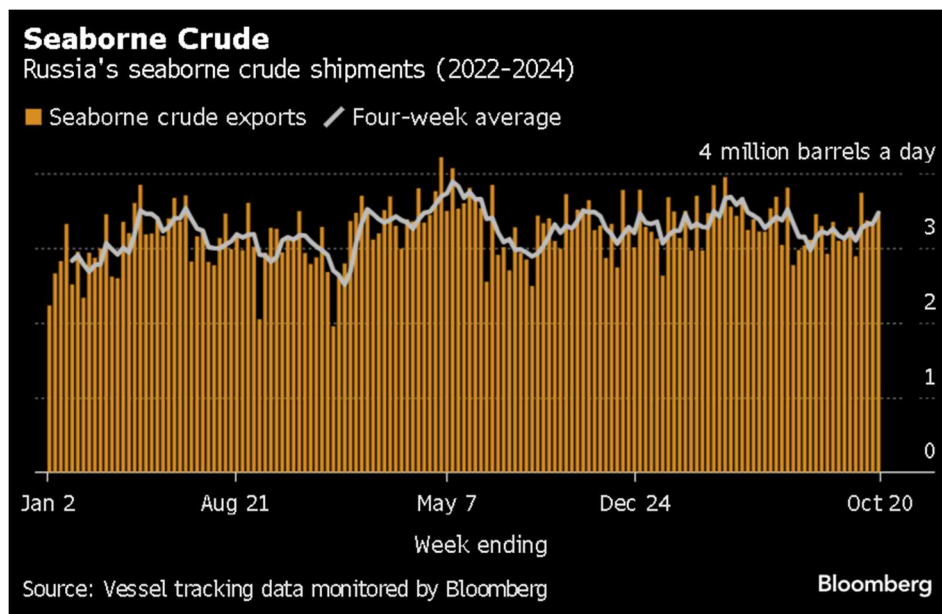
By Julian Lee

(Bloomberg) -- Russia's crude shipments rose for a fourth week to the highest since late June as seasonal maintenance is set to push refinery processing to its lowest in more than two years.

Four-week average cargoes jumped by 140,000 barrels a day in the week to Oct. 20 to reach 3.47 million. Refining is on course to slump to the lowest since May 2022, leaving more crude available for export.

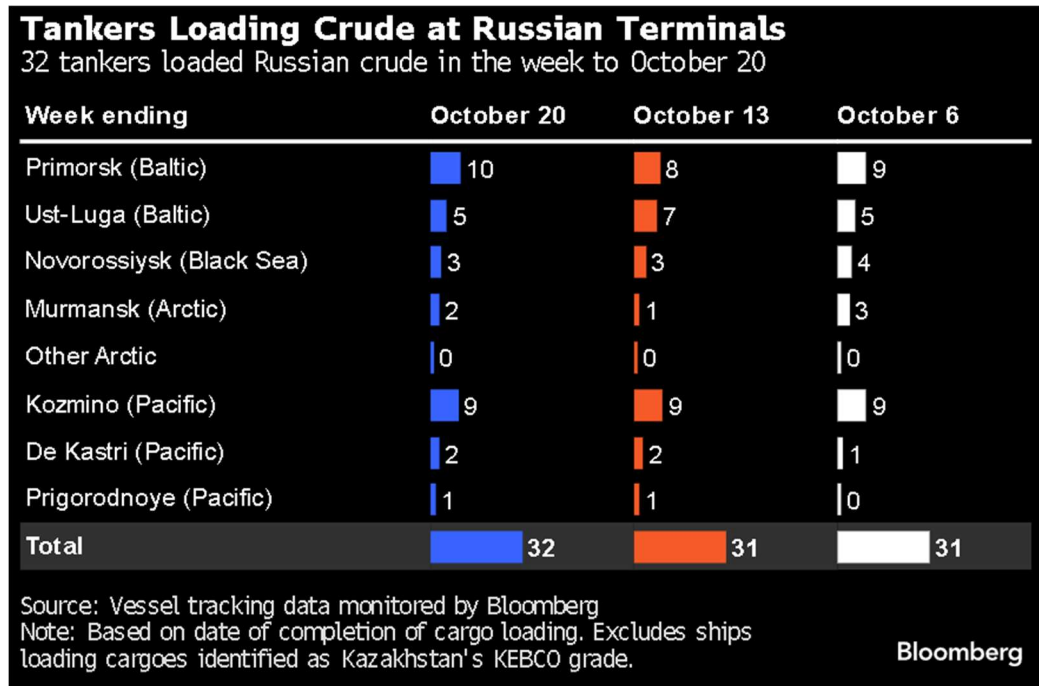
Exports to Asia, including barrels heading toward the Suez Canal that are likely to end up in India, reached the highest in more than five months to drive the overall advance. The region is the destination for about 95% of Russia's seaborne crude, with almost all of it heading to India and China.

The gains saw the gross value of Russia's exports rise to \$1.59 billion a week in the 28 days to Oct. 20, from \$1.52 billion in the four-week period to Oct. 13. That was the highest since mid-August.



As efforts to constrain the Kremlin's ability to finance its war in Ukraine continue, the UK government added 18 more tankers to its sanctions list last week, barring them from UK ports and blocking their access to British maritime services. In addition, three government bodies are working together to challenge Russian shadow fleet oil tankers perceived to have dubious insurance. The UK Foreign, Commonwealth and Development Office didn't specify how such interventions would occur, or how insistent they would be.

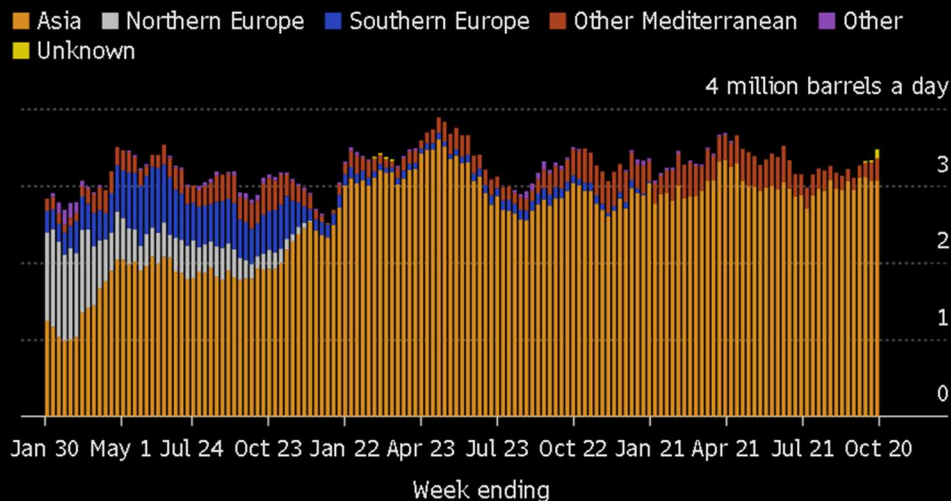
Sanctions against tankers hauling Russian oil have become less effective in recent months, with about one-third of those cited before the UK's latest addition now back at work. Most of those brought into use were sanctioned by the UK. Crude Shipments A total of 32 tankers loaded 24.21 million barrels of Russian crude in the week to Oct. 20, vessel-tracking data and port-agent reports show. The volume was up from 23.14 million barrels on 31 ships the previous week.



That boosted four-week average flows to 3.47 million barrels a day, up by 142,000 from the previous week. Russia's more volatile daily crude flows in the week to Oct. 20 rose by about 150,000 barrels to 3.46 million, driven by an increase in flows from the country's Arctic ports. Shipments from the Baltic ports of Primorsk and Ust-Luga are set to rise to 7.1 million tons or 1.68 million barrels a day in October, the highest daily volume since April. Crude shipments so far this year are about 40,000 barrels a day, or 1.3%, below the average for the whole of 2023. One cargo of Kazakhstan's KEBCO crude was loaded at Ust-Luga on the Baltic Sea during the week.

Russia's Seaborne Crude

Four-week average crude shipments from Russia by destination (2022-2024)



Source: Vessel tracking data monitored by Bloomberg

Bloomberg

Russia terminated its export targets at the end of May, opting instead to restrict production, in line with its partners in the OPEC+ oil producers' group. The country's output target is set at 8.978 million barrels a day until the end of November, after a planned easing of some output cuts was delayed by two months.

Moscow has also pledged to make deeper output cuts in October and November this year, then between March and September of 2025, to compensate for pumping above its OPEC+ quota earlier this year.

Russian data show the nation pumped marginally below its OPEC+ crude-output target in September, but Moscow's assertion was contradicted by the secondary sources that OPEC uses to monitor compliance with output targets, who pegged Russia's September production about 23,000 barrels above its allowance. Export Value

Four-week average income advanced, increasing to about \$1.59 billion a week, from \$1.52 billion in the period to Oct. 13. That was the highest since the period ending Aug. 11. The four-week average peak of \$2.17 billion a week was reached in the period to June 19, 2022.

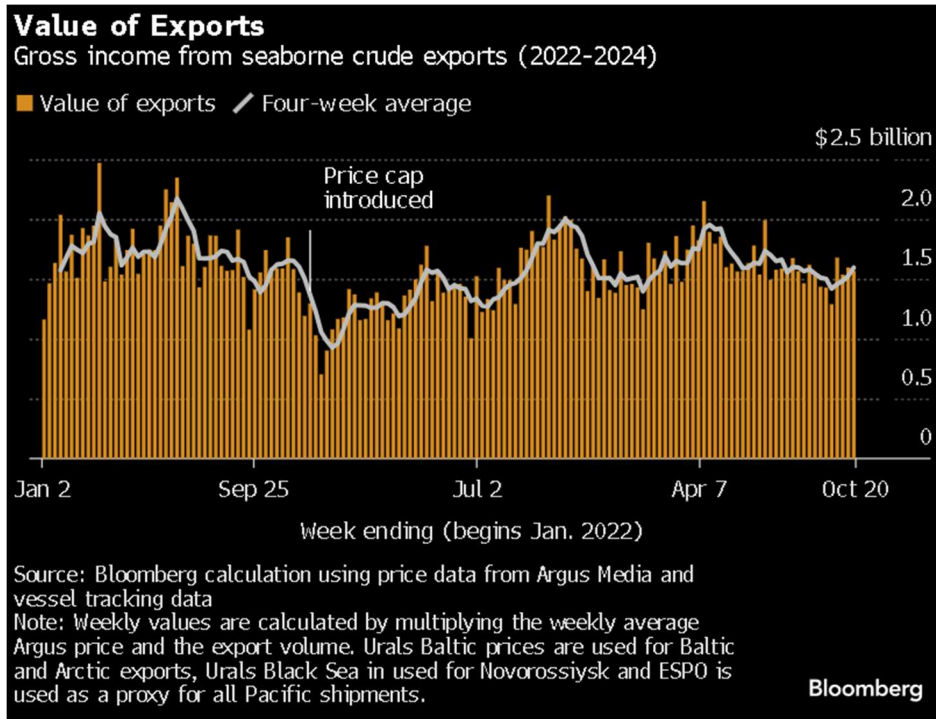
On this basis, the price of Russia's shipments from the Baltic and Black Sea in the four weeks to Oct. 20 was down by about \$0.30 from the period to Oct. 13. Prices for key Pacific grade ESPO were up by about \$0.70.

In contrast, in the seven days to Oct. 20, the value of Russia's crude exports slipped to \$1.57 billion from \$1.6 billion in the period to Oct. 13. Income fell with a drop in weekly-average prices for Russia's major crude streams more than offsetting the higher export volume. The price drop was in line with a broader sell-off in oil that saw US benchmark WTI crude

post its biggest weekly decline in more than a year.

Export values at Baltic ports were down week-on-week by about \$4.80 a barrel, while shipments from the Black Sea fell by about \$5.10 a barrel. Prices for key Pacific grade ESPO dropped by about \$2.90 compared with the previous week. Delivered prices in India were also down, falling by about \$5.20 a barrel, all according to numbers from Argus Media.

During the first four weeks after the Group of Seven nations' price cap on Russian crude exports came into effect in early December 2022, the value of seaborne flows fell to a low of \$930 million a week, but soon recovered



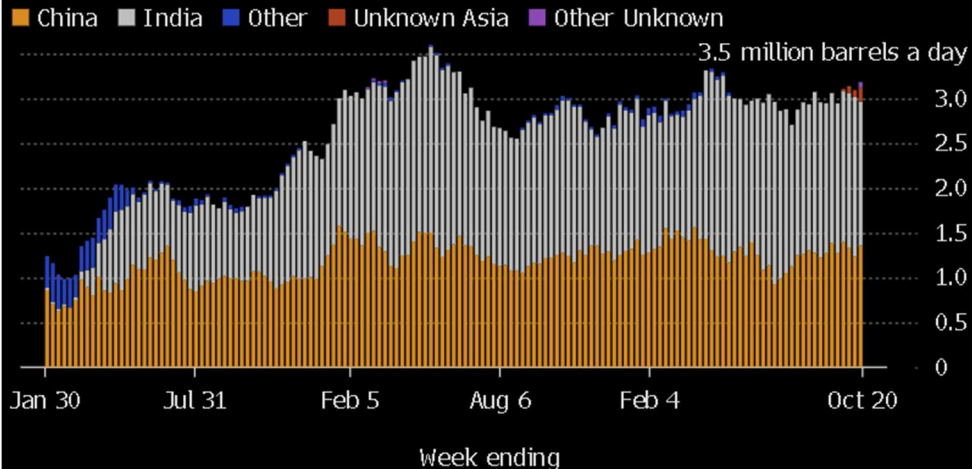
.Flows by Destination

* Asia

Observed shipments to Russia's Asian customers, including those showing no final destination, rose to 3.18 million barrels a day in the four weeks to Oct. 20. That's the highest in more than five months and only about 2% below the average level seen during the recent peak in April.

Russia's Asian Customers

Four-week moving average of crude shipments from all Russian ports
(2022-2024)



Source: Vessel tracking data monitored by Bloomberg

Note: Unknown Asia includes ships heading to the Suez Canal from Russia's western ports. Unknown includes vessels showing no clear destination and those that have transferred their cargo to unidentified ships.

Bloomberg

About 1.36 million barrels a day of crude were loaded onto tankers heading to China. The Asian nation's seaborne imports are boosted by about 800,000 barrels a day of crude delivered from Russia by pipeline, either directly, or via Kazakhstan. Flows on ships signaling destinations in India averaged 1.6 million barrels a day, down from a revised 1.78 million for the period to Oct. 13.

The Indian figures, in particular, are likely to rise as the discharge ports become clear for vessels that are not currently showing final destinations. All of those are heading from Russia's western ports toward the Suez Canal, with most of the cargoes that head through the waterway ending up in the south Asian nation.

The equivalent of about 160,000 barrels a day was on vessels signaling Port Said or Suez in Egypt. Those voyages typically end at ports in India or China and show up as "Unknown Asia" until a final destination becomes apparent.

The "Other Unknown" volumes, running at about 60,000 barrels a day in the four weeks to Oct. 20, are those on tankers showing no clear destination. Most originate from Russia's western ports and go on to transit the Suez Canal, but some could end up in Turkey. Others may be moved from one vessel to another.

The Aframax tanker Neon transferred its cargo into an unidentified vessel off Egypt's Port Said last week and a second, the Lefkada, appears poised to do the same this week. Separately, Greece has extended naval exercises until November in an area that's become associated with the transfer of Russian crude.

Crude Shipments to Asia

Shipments of Russian crude to Asian buyers in million barrels a day

4 weeks ending	China	India	Other	Unknown Asia	Other Unknown	Total
September 15, 2024	1.39	1.67	0.00	0.00	0.00	3.06
September 22, 2024	1.27	1.67	0.00	0.00	0.00	2.94
September 29, 2024	1.40	1.68	0.00	0.03	0.00	3.11
October 6, 2024	1.34	1.72	0.00	0.08	0.00	3.14
October 13, 2024	1.24	1.78	0.00	0.08	0.00	3.09
October 20, 2024	1.36	1.60	0.00	0.16	0.06	3.18

Source: Vessel tracking data compiled by Bloomberg

Bloomberg

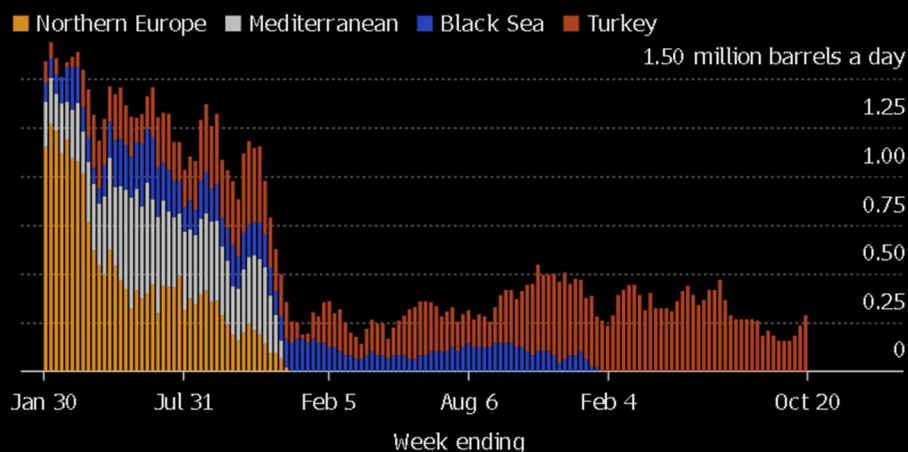
* Europe and Turkey

Russia's seaborne crude exports to European countries have ceased, with flows to Bulgaria halted at the end of last year. Moscow also lost about 500,000 barrels a day of pipeline exports to Poland and Germany at the start of 2023, when those countries stopped purchases.

Turkey is now the only short-haul market for shipments from Russia's western ports, with flows in the 28 days to Oct. 20 rising for a third week to reach about 290,000 barrels a day, their highest in more than three months.

Russia's Crude Shipments to Europe and Turkey

Four-week average crude shipments from Russia (2022-2024)



Source: Vessel tracking data monitored by Bloomberg
Note: Four-week moving average of crude shipments from all Russian ports.

Bloomberg

NOTES

This story forms part of a weekly series tracking shipments of crude from Russian export terminals and the gross value of those flows. The next update will be on Tuesday, Oct. 29.

All figures exclude cargoes identified as Kazakhstan's KEBCO grade. Those are shipments made by KazTransoil JSC that transit Russia for export through Novorossiysk and Ust-Luga and are not subject to European Union sanctions or a price cap. The Kazakh barrels are blended with crude of Russian origin to create a uniform export stream. Since Russia's invasion of Ukraine, Kazakhstan has rebranded its cargoes to distinguish them from those shipped by Russian companies.

Vessel-tracking data are cross-checked against port agent reports as well as flows and ship movements reported by other information providers including Kpler and Vortexa Ltd.

If you are reading this story on the Bloomberg terminal, click for a link to a PDF file of four-week average flows from Russia to key destinations.

--With assistance from Sherry Su.

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Exclusive: Oil exports from Russia's western ports to fall 13% in Nov as refinery maintenance ends, sources say

By Reuters

October 24, 2024 8:52 AM MDT Updated 2 days ago

Summary

Russia crude exports to fall to 1.95 mln bpd in Nov

End of maintenance season means higher refinery runs, less crude for export

Weak refining margins may discourage some refineries from increasing runs

MOSCOW, Oct 24 (Reuters) - Russia's crude oil exports from its three main western ports will drop by 13% in November from the previous month to 1.95 million barrels per day (or some 8 million metric tons) as refinery maintenance season is over, two trade sources said on Thursday.

Exports from Russia's western ports of Primorsk, Ust-Luga and Novorossiisk are closely watched by market participants including the Organization of the Petroleum Exporting Countries (OPEC) members because they are the most volatile flows and heavily affected by the domestic refinery intake.

Russia has maintained high oil exports this year, while also admitting to oil overproduction, exceeding the amount agreed by OPEC+, which comprises OPEC and allies including Russia. The country promised to make additional cuts to compensate from the end of 2024.

Russia cut crude oil output in September by 28,000 barrels per day (bpd) to about 9 million bpd, OPEC said, citing data from secondary sources such as consultancies.

Russian oil loadings from its western ports will drop in November from 2.25 million bpd in October.

Russian oil refineries are expected to increase runs next month after major seasonal maintenance in September-October. In November Russian oil refining will increase: Russia plans to take offline just 1.8 million tons of its refining capacity down sharply from 4.4 million tons in October.

Lower offline refining capacity normally means higher refinery runs and less crude oil available for exports. Yet some Russian refineries are not keen to increase runs even after the end of maintenance due to weak margins, the sources said.

"Profitability of export sales is still very low due to weak (oil products) margins, discounts for Russian fuel and shipping costs," one trader involved in Russian oil product sales said.

Refinery margins are weak worldwide. Oil refiners in Asia, Europe and the United States are facing a drop in profitability to multi-year lows, marking a downturn for an industry that had enjoyed surging returns post-pandemic and underlining the extent of the current slowdown in global demand.

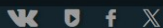
If Russian oil refineries decide to keep refinery processing low, more crude oil will be available for exports next month, the sources said.

Get a look at the day ahead in U.S. and global markets with the Morning Bid U.S. newsletter. Sign up here. Reporting by Reuters; Editing by Susan Fenton



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News / Politics

Ayatollah Khamenei: Officials will decide quality of Iran's show of power to Israel

Sunday, 27 October 2024 7:51 AM [Last Update: Sunday, 27 October 2024 9:12 AM]



Leader of the Islamic Revolution Ayatollah Seyyed Ali Khamenei met with the families of "Martyrs of Security" in Imam Khomeini Hussainiyah, Tehran, on October 27. (Photo by khamenei.ir)

Leader of the Islamic Revolution Ayatollah Seyyed Ali Khamenei says Iranian authorities are in charge of deciding the quality of Iran's show of power to the Israeli regime.

He made the remarks during a meeting with the families of "Martyrs of Security" in Imam Khomeini Hussainiyah, Tehran, on Sunday.

Ayatollah Khamenei said that the Zionist regime's miscalculation should be thwarted.

"They (the Israelis) need to understand the power, determination, and innovation of the Iranian nation and its youth," he added.

"How to convey this power and resolve of the Iranian nation to the Zionist regime is for our officials to determine, and what is in the best interest of the nation and the country should be done."

The Leader further emphasized that Israel's evil act should "neither be exaggerated nor downplayed."

[This item is being updated.]

Press TV's website can also be accessed at the following alternate addresses:

<https://www.maersk.com/news/articles/2024/10/09/network-of-the-future-service-network-update>
[Advisories](#)

The Network of the Future: Service network update

9 October 2024

[Ocean Transport Network of the Future Gemini Cooperation Network Update Routes](#)

Share

Last month we reached out with an update on the Gemini Cooperation and the Network of the Future. We are now writing with further information about what network is expected to be phased in on February 01, 2025.

After thorough consideration, and given the continued safety concerns in the Red Sea, Hapag-Lloyd AG (Hapag-Lloyd) and Maersk A/S (Maersk), an entity under A.P. Moller - Maersk, confirm that they expect to phase in their Cape of Good Hope network for the commencement of the Gemini Cooperation on 1 February 2025. As the situation remains highly dynamic, Hapag-Lloyd and Maersk will return to the Red Sea when it is safe to do so.

The Gemini Cooperation's ambition is to deliver industry-leading schedule reliability of above 90 percent once fully phased in, ensuring efficient and flexible services across the East-West trades. The Cape of Good Hope network will include 29 mainliner services supported by 28 intraregional shuttle services and will be operated by a fleet of around 340 vessels with a total capacity of 3.7m TEU.

From now until the commencement of the Gemini Cooperation

We will continue to update you with news of our new network. In the meantime, you can continue to find news and information on the Network of the Future on our webpage dedicated to it [here](#).

If you have any further questions about the new network and what it means for you and your business, please [contact us](#) - our teams are ready to assist and guide you.

For more information on the new network and services, plus answers to frequently asked questions, please see our dedicated page on [Maersk.com](#).

As your trusted logistics partner, we look forward to embarking on this exciting new chapter together.

<https://www.maersk.com/support/faqs/gemini-cooperation-october-announcement>

What is being announced on 9 October that is new and an addition to what was shared in September 2024?

On 10 September, Maersk and Hapag-Lloyd released a network update presenting an alternative Cape of Good Hope network due to the on-going disruptions and safety concerns in the Red Sea. On 9 October, the two companies confirm that they expect to phase in the alternative Cape of Good Hope network for the commencement of the Gemini Cooperation in February 2025.

1. Network:

- Due to the on-going disruptions in the Red Sea, the two companies confirm that they expect to phase in the Cape of Good Hope network for the start of the Gemini Cooperation in February 2025.
- The Cape of Good Hope network follows the same design principles as the original Trans Suez Network and has been developed to deliver the reliability goals of the Gemini partnership.
- We have and will continue monitoring the situation in the Middle East very closely and hope that the situation will soon be resolved.
- We return to the Red Sea when it is safe to do so, but as the situation remains highly dynamic, we will be prepared for either scenario - a return to the Red Sea, or a continuation of the route south of the Cape of Good Hope.
- Also the alternative Cape of Good Hope Network, the ambition is to provide industry-leading schedule reliability (90% SeaIntel when fully phased in), reach, and speed.

2. Operational network update. Since the initial announcement, Maersk and Hapag-Lloyd have further improved the network, reflected in the following updates:

Cape Network

- Around 340 vessels
- 3.7m TEU capacity
- 57 services (29 mainliners, 28 shuttles)

<https://www.maersk.com/support/faqs/decision-making-criteria-gemini-cooperation>

What are the decision-making criteria for phasing in the Trans Suez network or the alternative Cape of Good Hope network?

The safety of our crews is always a top priority and guiding principle. We will return to a Trans Suez network as soon as it is safe to do so, but as the situation remains highly dynamic, we will be prepared for either scenario. We expect to confirm the network selected for phase-in in October.

In August, our crisis management team provided an overview of the current security situation and an outlook assessment. To decide how to proceed, we look at certain triggers like demonstrated protection, threat levels and the geopolitical context to assess the security situation. **There is currently no indication that we can expect the situation in the Red Sea to get better or resolved in the short term. However, there is also still some time until the phase in of the Network of the Future in February 2025, and the situation remains highly dynamic.** We will return to the Red Sea as soon as it is safe to do so. For now, we are focusing on ensuring we are ready and in a strong position for either scenario, whether Trans Suez or Cape of Good Hope - and will provide further updates as we get closer to February.

2024 年 8 月訪港旅客統計 Monthly Report - Visitor Arrival Statistics : Aug 2024

1. 訪港旅客人次撮要 (按居住國家 / 地區計) Total Visitor Arrivals by Country / Region of Residence

居住國家 / 地區	Country / Region of Residence	2023 年 8 月	2024 年 8 月	增長率	2023 年 1 至 8 月	2024 年 1 至 8 月	增長率
		Aug 2023	Aug 2024		Jan - Aug 2023	Jan - Aug 2024	
		人次 No.	人次 No.		人次 No.	人次 No.	
合計	TOTAL	4,077,746	4,453,877	+ 9.2	20,550,155	29,526,742	+ 43.7
內地	Mainland	3,435,296	3,660,390	+ 6.6	16,521,892	22,941,396	+ 38.9
非內地	Non-Mainland	642,450	793,487	+ 23.5	4,028,263	6,585,346	+ 63.5
短途地區市場 (不包括內地)	Short Haul Markets (Exclude Mainland)	450,316	544,928	+ 21.0	2,791,075	4,362,267	+ 56.3
澳門特區	Macau SAR	137,314	132,161	- 3.8	819,741	790,495	- 3.6
短途地區市場 (不包括內地以及 澳門特區)	Short Haul Markets (Exclude Mainland & Macau SAR)	313,002	412,767	+ 31.9	1,971,334	3,571,772	+ 81.2
台灣	Taiwan	78,100	110,092	+ 41.0	465,449	802,559	+ 72.4
日本	Japan	39,877	50,245	+ 26.0	172,406	353,785	+ 105.2
南韓	South Korea	34,356	60,032	+ 74.7	176,267	527,874	+ 199.5
印尼	Indonesia	17,366	19,466	+ 12.1	133,586	222,709	+ 66.7
馬來西亞	Malaysia	20,195	20,625	+ 2.1	124,909	225,304	+ 80.4
菲律賓	Philippines	63,962	85,393	+ 33.5	417,079	730,007	+ 75.0
新加坡	Singapore	25,885	34,516	+ 33.3	199,316	311,959	+ 56.5
泰國	Thailand	29,523	27,537	- 6.7	252,800	350,127	+ 38.5
其他	Others	3,738	4,861	+ 30.0	29,522	47,448	+ 60.7
長途地區市場	Long Haul Markets	162,194	196,621	+ 21.2	1,053,181	1,809,409	+ 71.8
美國	USA	55,980	63,394	+ 13.2	327,509	568,884	+ 73.7
加拿大	Canada	19,517	22,365	+ 14.6	111,646	197,615	+ 77.0
英國	United Kingdom	16,954	19,821	+ 16.9	124,131	184,094	+ 48.3
法國	France	7,595	11,554	+ 52.1	47,294	85,028	+ 79.8
德國	Germany	7,220	9,816	+ 36.0	63,449	105,448	+ 66.2
澳洲	Australia	16,095	18,569	+ 15.4	117,022	210,869	+ 80.2
其他	Others	38,833	51,102	+ 31.6	262,130	457,471	+ 74.5
新市場	New Markets	29,940	51,938	+ 73.5	184,007	413,670	+ 124.8
印度	India	14,211	26,328	+ 85.3	99,252	231,436	+ 133.2
海灣合作地區國家	GCC Markets	1,827	3,238	+ 77.2	8,618	19,273	+ 123.6
俄羅斯	Russia	4,408	7,859	+ 78.3	28,756	76,920	+ 167.5
荷蘭	Netherlands	5,261	8,345	+ 58.6	27,854	51,204	+ 83.8
越南	Vietnam	4,233	6,168	+ 45.7	19,527	34,837	+ 78.4

資料來源：入境事務處 Source : Immigration Department
海灣合作地區國家包括巴林、科威特、阿曼、卡塔爾、沙地阿拉伯以及阿聯酋
GCC Markets including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia & United Arab Emirates

2. 過夜旅客人次 (按居住國家 / 地區計) Overnight Visitor Arrivals by Country / Region of Residence

居住國家 / 地區	Country / Region of Residence	2023 年 8 月	2024 年 8 月	增長率	2023 年 1 至 8 月	2024 年 1 至 8 月	增長率
		Aug 2023	Aug 2024		Jan - Aug 2023	Jan - Aug 2024	
		人次 No.	人次 No.	% Growth	人次 No.	人次 No.	% Growth
合計	TOTAL	2,029,658	2,172,917	+ 7.1	10,442,372	14,718,266	+ 40.9
內地	Mainland	1,642,751	1,672,634	+ 1.8	7,882,631	10,280,095	+ 30.4
非內地	Non-Mainland	386,907	500,283	+ 29.3	2,559,741	4,438,171	+ 73.4
短途地區市場 (不包括內地)	Short Haul Markets (Exclude Mainland)	260,678	333,432	+ 27.9	1,695,109	2,908,206	+ 71.6
澳門特區	Macau SAR	32,687	28,178	- 13.8	227,561	177,881	- 21.8
短途地區市場 (不包括內地以及 澳門特區)	Short Haul Markets (Exclude Mainland & Macau SAR)	227,991	305,254	+ 33.9	1,467,548	2,730,325	+ 86.0
台灣	Taiwan	41,691	66,865	+ 60.4	238,792	484,337	+ 102.8
日本	Japan	27,347	36,275	+ 32.6	115,155	252,018	+ 118.9
南韓	South Korea	26,427	49,301	+ 86.6	133,541	440,020	+ 229.5
印尼	Indonesia	13,132	14,668	+ 11.7	106,183	177,430	+ 67.1
馬來西亞	Malaysia	16,148	15,040	- 6.9	99,530	169,990	+ 70.8
菲律賓	Philippines	55,264	70,630	+ 27.8	356,473	619,453	+ 73.8
新加坡	Singapore	20,079	25,599	+ 27.5	167,563	244,430	+ 45.9
泰國	Thailand	25,110	23,399	- 6.8	229,230	308,847	+ 34.7
其他	Others	2,793	3,477	+ 24.5	21,081	33,800	+ 60.3
長途地區市場	Long Haul Markets	104,450	130,477	+ 24.9	729,884	1,240,264	+ 69.9
美國	USA	34,086	37,887	+ 11.2	222,426	366,729	+ 64.9
加拿大	Canada	12,269	13,478	+ 9.9	76,083	125,198	+ 64.6
英國	United Kingdom	12,415	15,302	+ 23.3	97,526	145,522	+ 49.2
法國	France	5,326	8,299	+ 55.8	33,664	61,428	+ 82.5
德國	Germany	4,804	7,194	+ 49.8	44,582	77,369	+ 73.5
澳洲	Australia	11,243	13,155	+ 17.0	84,751	154,995	+ 82.9
其他	Others	24,307	35,162	+ 44.7	170,852	309,023	+ 80.9
新市場	New Markets	21,779	36,374	+ 67.0	134,748	289,701	+ 115.0
印度	India	9,039	15,543	+ 72.0	66,292	145,616	+ 119.7
海灣合作地區國家	GCC Markets	1,549	2,584	+ 66.8	7,055	15,103	+ 114.1
俄羅斯	Russia	3,456	6,119	+ 77.1	22,878	59,434	+ 159.8
荷蘭	Netherlands	3,848	6,582	+ 71.0	20,645	38,495	+ 86.5
越南	Vietnam	3,887	5,546	+ 42.7	17,878	31,053	+ 73.7

資料來源：入境事務處 Source : Immigration Department
海灣合作地區國家包括巴林、科威特、阿曼、卡塔爾、沙地阿拉伯以及阿聯酋
GCC Markets including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia & United Arab Emirates

3. 不過夜旅客人次 (按居住國家 / 地區計) Sameday Visitor Arrivals by Country / Region of Residence

居住國家 / 地區	Country / Region of Residence	2023 年 8 月	2024 年 8 月	增長率	2023 年 1 至 8 月	2024 年 1 至 8 月	增長率
		Aug 2023	Aug 2024		Jan - Aug 2023	Jan - Aug 2024	
		人次 No.	人次 No.	% Growth	人次 No.	人次 No.	% Growth
合計	TOTAL	2,048,088	2,280,960	+ 11.4	10,107,783	14,808,476	+ 46.5
內地	Mainland	1,792,545	1,987,756	+ 10.9	8,639,261	12,661,301	+ 46.6
非內地	Non-Mainland	255,543	293,204	+ 14.7	1,468,522	2,147,175	+ 46.2
短途地區市場 (不包括內地)	Short Haul Markets (Exclude Mainland)	189,638	211,496	+ 11.5	1,095,966	1,454,061	+ 32.7
澳門特區	Macau SAR	104,627	103,983	- 0.6	592,180	612,614	+ 3.5
短途地區市場 (不包括內地以及 澳門特區)	Short Haul Markets (Exclude Mainland & Macau SAR)	85,011	107,513	+ 26.5	503,786	841,447	+ 67.0
台灣	Taiwan	36,409	43,227	+ 18.7	226,657	318,222	+ 40.4
日本	Japan	12,530	13,970	+ 11.5	57,251	101,767	+ 77.8
南韓	South Korea	7,929	10,731	+ 35.3	42,726	87,854	+ 105.6
印尼	Indonesia	4,234	4,798	+ 13.3	27,403	45,279	+ 65.2
馬來西亞	Malaysia	4,047	5,585	+ 38.0	25,379	55,314	+ 118.0
菲律賓	Philippines	8,698	14,763	+ 69.7	60,606	110,554	+ 82.4
新加坡	Singapore	5,806	8,917	+ 53.6	31,753	67,529	+ 112.7
泰國	Thailand	4,413	4,138	- 6.2	23,570	41,280	+ 75.1
其他	Others	945	1,384	+ 46.5	8,441	13,648	+ 61.7
長途地區市場	Long Haul Markets	57,744	66,144	+ 14.5	323,297	569,145	+ 76.0
美國	USA	21,894	25,507	+ 16.5	105,083	202,155	+ 92.4
加拿大	Canada	7,248	8,887	+ 22.6	35,563	72,417	+ 103.6
英國	United Kingdom	4,539	4,519	- 0.4	26,605	38,572	+ 45.0
法國	France	2,269	3,255	+ 43.5	13,630	23,600	+ 73.1
德國	Germany	2,416	2,622	+ 8.5	18,867	28,079	+ 48.8
澳洲	Australia	4,852	5,414	+ 11.6	32,271	55,874	+ 73.1
其他	Others	14,526	15,940	+ 9.7	91,278	148,448	+ 62.6
新市場	New Markets	8,161	15,564	+ 90.7	49,259	123,969	+ 151.7
印度	India	5,172	10,785	+ 108.5	32,960	85,820	+ 160.4
海灣合作地區國家	GCC Markets	278	654	+ 135.3	1,563	4,170	+ 166.8
俄羅斯	Russia	952	1,740	+ 82.8	5,878	17,486	+ 197.5
荷蘭	Netherlands	1,413	1,763	+ 24.8	7,209	12,709	+ 76.3
越南	Vietnam	346	622	+ 79.8	1,649	3,784	+ 129.5

資料來源：入境事務處 Source : Immigration Department

海灣合作地區國家包括巴林、科威特、阿曼、卡塔爾、沙地阿拉伯以及阿聯酋

GCC Markets including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia & United Arab Emirates

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Malaysia rebuffs US on Iran oil sales, says it recognises only UN sanctions

[Zunaira Saieed](#) Malaysia Correspondent

UPDATED MAY 09, 2024, 11:51 PM

KUALA LUMPUR – Malaysia will recognise sanctions imposed by the United Nations only and not by individual countries, said **Home Minister Saifuddin Nasution Ismail on May 9**, following claims by a top US official that Iran has relied on Malaysian service providers to sell US-sanctioned oil in the region.

"I emphasised that we will only recognise sanctions if they are imposed by the United Nations Security Council.

"The delegation from the US respected our stance," Datuk Seri Saifuddin told reporters following a meeting with the US Treasury Department's top sanctions official Brian Nelson, who was visiting Kuala Lumpur.

Washington [has imposed sanctions on Iran and its proxies](#), including on the sale of Iranian oil, aimed at choking money flows that it claimed were being used to foment instability in the Middle East.

Mr Nelson, speaking to the local media after the meeting, said of the Washington claims against Malaysian service providers: "I would only say we have seen and we've promulgated some sort of guidance to the (Malaysian) marine sector about the type of services that they are engaging in.

"These are ship-to-ship transfers, particularly at night, which we see from time to time.

"They are really designed to obfuscate the origin of the commodity, in this case, Iranian oil," he told Malaysiakini.

Mr Nelson had said that the capacity of Iran to move its oil depended on parties such as port administrators and tugboat operators.

"Typical markers that we see are like when they turn off their location device and when they're trying to obscure the name of the ship, or they falsify or forge critical documents about the commodities that were issued," he added.

A recent Reuters report cited an unnamed senior US Treasury official as saying that there has been an uptick in money moving to Iran and its proxies, including Hamas, through the Malaysian financial system.

In the meeting with Mr Nelson, Mr Saifuddin said he underlined Malaysia's commitment to combating terrorism financing, with a clear strategic plan to tackle illicit financing activities and money laundering.

The minister also acknowledged concerns raised by US officials over possible money laundering activities involving certain individuals and organisations in Malaysia with purported ties to Iran and its proxies like Hamas, and said these needed verification.

Malaysian government spokesman Fahmi Fadzil, speaking to reporters on May 8, said the country would comply with UN sanctions, but not necessarily with those imposed by individual countries.

"We want to assert that Malaysia, as a sovereign nation, we comply with UN sanctions," Mr Fahmi told reporters.

"But when it comes to unilaterally applied sanctions, then I think we have to assess this situation."

Commenting on the issue, economics professor Geoffrey Williams at the Malaysia University of Science and Technology said: “Malaysian businesses can do business with anyone unless there are UN sanctions regulations to stop it, but the US cannot stop Malaysian companies doing business with others.

“However, if Malaysian companies are involved in activities that the US does not like, then the Americans can stop doing business with them,” he said.

Malaysian Prime Minister Anwar Ibrahim has been vocal in his support for Hamas amid the ongoing war in Gaza, even at the risk of US sanctions against those who support the group that Washington has deemed a terrorist organisation.

Meanwhile, Mr Nelson, who earlier visited Singapore, had said that sanctions imposed in 2023 against four Malaysian firms accused of helping Iran’s drone production have been impactful, while also highlighting the issue of the illicit sale of Iranian oil in the region.

“Malaysia clearly doesn’t want its financial institutions and its shipping industry to be abused by rogue nations and outside actors. We don’t want that because of the central importance of Malaysia, both as a trading nation and as a financial centre, and given America’s significant business presence here,” Mr Nelson, who is the US Treasury Department’s undersecretary for terrorism and financial intelligence, told reporters on May 9.

Mr Halmie Azrie Abdul Halim, a senior analyst at political risk consultancy Vriens and Partners, said the US delegation trip to Malaysia is an “intimidation tactic” because of Datuk Seri Anwar’s pro-Palestine stance.

Still, the “US would also not want to lose the support of Malaysia, which is one of its key Asean partners, as the country will assume the role of Asean chair next year”, he said.

Malaysia is among the US’ top 20 trading partners, with bilateral trade between the two nations amounting to US\$78.3 billion (S\$106 billion) in 2022.

Sent: October 24, 2024 12:39 PM

To: xxx

Subject: Woodmac Curated Research: Oil and gas in a delayed energy transition



Hello,

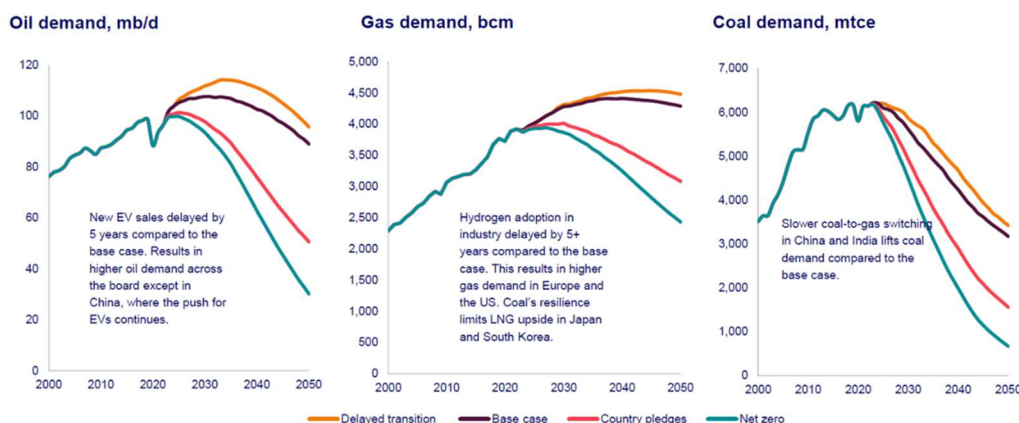
The energy transition isn't moving anything like fast enough. Achieving global net zero by 2050 looks increasingly in doubt. To reflect the uncertainty, we added a Delayed Energy Transition Scenario to our existing range of potential outcomes which is quite positive for fossil fuels. With slower displacement by EVs, oil demand continues to increase year-on-year, reaching a peak of 114 million b/d in 2033 (compared with a 108-million b/d peak in 2030 in the base case). Gas demand carries on growing until 2045. There are significant implications for the development of new supply, price and the strategic positioning of the industry at large. On the other hand, it'll take longer for low-carbon technologies to be scaled. The penetration rate of nascent technologies that require government support, such as EVs, green hydrogen and CCUS, lag the base case by five years. Renewables, already competitive with alternative sources of power generation, will continue to grow, albeit at a slower pace.

All links below provide complementary access to high level research. Contact us, with no obligation, to discuss these topics in more detail.

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The impact on global oil and gas demand

In our delayed transition scenario, power demand growth dwindles due to lower electrolytic hydrogen production and reduced transport electrification. In its place, a larger percentage of ongoing energy demand growth, especially in developing countries, is met by oil and gas. As a result, demand for oil peaks in 2033 at 114 million b/d (compared with a 108-million b/d peak in 2030 in the base case) after which it plateaus. Gas demand carries on growing until 2045, when it reaches 4,536 billion cm – nearly 100 bcm higher than our base case – before also plateauing.



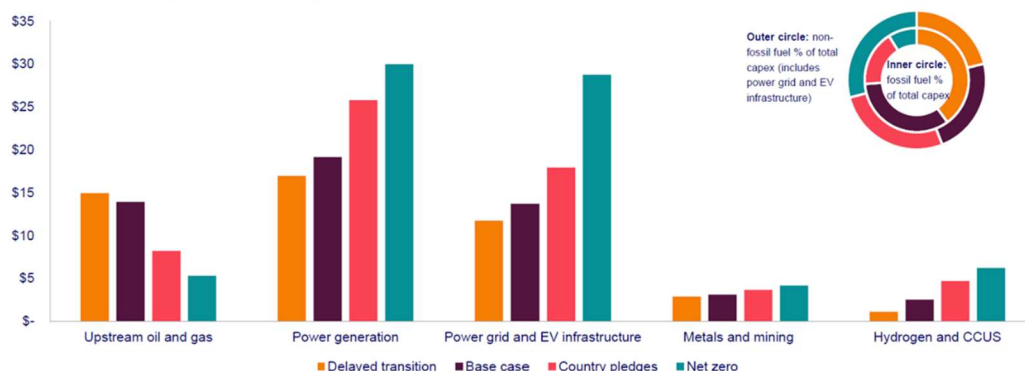
Implications for global oil and gas sector investment

The world doesn't yet seem to have found the right balance to tackle the energy trilemma of ensuring sustainability, security and affordability. Renewable energy scores strongly for

sustainability, and in the long-term could prove. However, in the short term, renewables face challenges relating to scaling up supply and infrastructure, as well as financing difficulties. This represents an opportunity for oil and gas.

In a delayed transition scenario, total capex for the energy sector between 2023 and 2050 reduces from US\$52 trillion in our base case to US\$48 trillion (in our net zero scenario it would hit US\$75 trillion). That equates to average annual spending of US\$1.7 trillion. The oil and gas' share of total energy sector spending would rise from the 25% it currently receives to 31%. As a result, investment in oil and gas would increase by nearly US\$2 trillion over the period to 2050.

Cumulative capex by segment and by scenario (2023-2050), US\$ trillion (real terms)



A different course for the US energy sector

The results of the November 2024 election, US tensions with China and US rising budget deficits could significantly alter the path of US energy policy and favour a delayed energy transition.

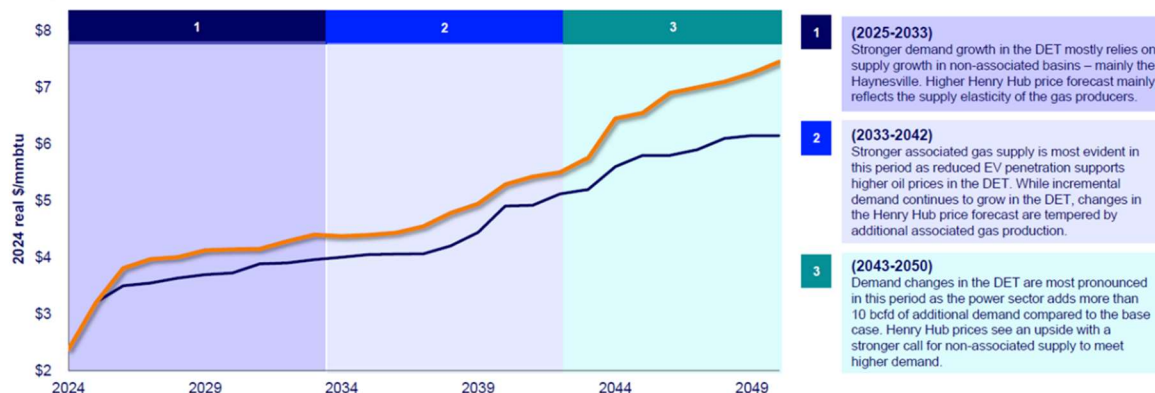
Under this scenario, Wood Mackenzie projects about US\$6.5 trillion in investment for the US energy sector over 2023-2050. Oil and gas account for more than half of this investment allowing for [new energy projects to be built](#).

The pace of electrification would ease in the near term. However, electrification is a structural trend. Amid continued load growth & less policy support for renewables the biggest states for **coal**-fired power generation – including Indiana, Michigan, Texas and Tennessee – would slow down coal retirements.

Natural **gas** will step in to meet power demand and replace coal plants that are shutting down. Henry Hub prices will strengthen throughout the forecast. Stronger gas demand and the need for more non-associated supply could send Henry Hub prices higher by an average of US\$0.40/mmbtu between 2026 and 2040 and more than US\$1/mmbtu beyond 2045. A stronger Henry Hub price forecast is beneficial to gas producers, but LNG export economics will take a hit, limiting the potential for incremental project development beyond 2043 and redefining its position in the [global LNG markets](#).

Henry Hub forecast strengthens by around US\$0.40/mmbtu between 2026 and 2040

Gas price outlook

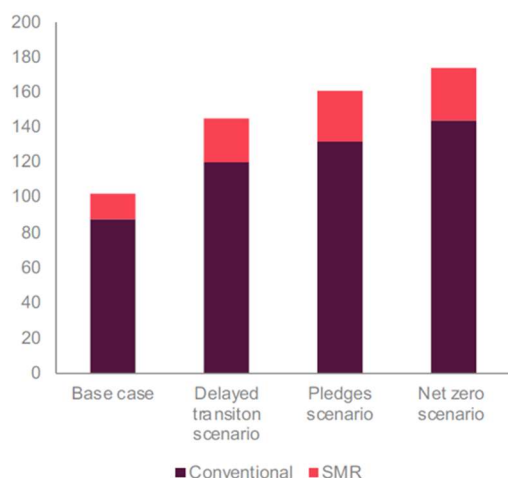


Delayed transition Base case

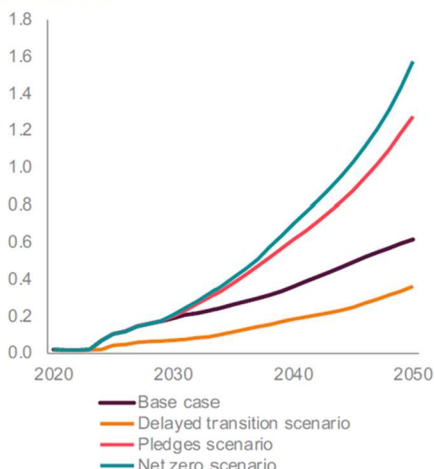
New **nuclear** capacity will be needed to meet power demand post-2040. In our delayed transition scenario, we would expect advanced nuclear power generation capacity driven by both large scale and small modular reactors (SMRs) to expand by about 40 GW. US needs to focus on four critical enablers for nuclear investment, with decisions needed within 3 to 5 years for projects to materialise by 2040.

CCUS will also be impacted. But carbon markets and CCUS costs - not policy - constrain CCUS in our delayed transition scenario. Due to wide bipartisan support within Congress, 45Q will remain as legislated through 2032. But flat carbon pricing, uncertainty around the 45Q extension post 2032 and cost staying high for longer will take a toll on CCUS and DAC deployment.

Nuclear capacity by outlook, GW

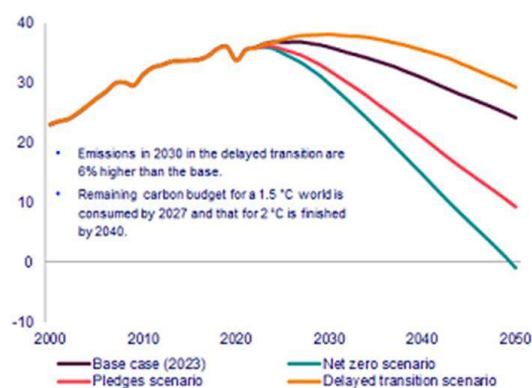


CCUS and DAC capacity forecast by scenario, Bt



Our base case outlook broadly aligns with a 2.5°C warming scenario and a delayed transition scenario, resulting in an average temperature rise of 3 °C and emissions peaking in 2032, looks gradually more likely.

Global energy-related CO₂ emissions, billion tonnes



Outlook	Trajectory	Policy	Enablers
Delayed Transition scenario	Consistent with ~3 °C global warming	Target rollbacks and reduced policy support	Economic and technical challenges slow the uptake of low-carbon technologies
Base case	Consistent with 2.5 °C global warming	Evolution of current policies and alignment with SPOs released in H1 2023	Steady advancement of current and nascent technologies
Country pledges scenario	Consistent with below 2 °C warming (Global net zero by 2070)	Aligned with net zero pledges announced in the run-up to COP26	Incorporates policy response to the current energy crisis, and geopolitical challenges facing the global economy
Net zero 2050 scenario	Consistent with 1.5 °C warming (Global net zero by 2050)	Aligned with most ambitious goal of Paris Agreement	Immediate peak energy; rapid hydrogen and carbon removal deployment; consumer shift

For further discussion on oil and gas matters, please contact us.

Kind regards,

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uncertainties that could cause our results to differ materially from those projected in these statements.

For more information, please refer to our latest 10-K filing and other SEC filings which can be found which can be found on our website. Our comments today also include non-GAAP financial measures. Additional details and reconciliations to the most directly comparable GAAP financial measures can be found in our third quarter press release, which is on our website. And finally, in conjunction with our proposed acquisition, SLB and ChampionX have filed materials with the SEC, including a registration statement with a proxy statement and prospectus.

These materials can be found on the SEC's website or from the parties' websites. With that, I will turn the call over to Olivier.

Olivier Le Peuch {BIO 16885975 <GO>}

Thank you, James. Ladies and gentlemen, thank you for joining us this morning.

During the call, I will cover a few topics. I will start by reviewing our third quarter results. Then I will discuss how we are leveraging our differentiated market positioning, digital leadership, and operating efficiency to navigate the evolving macro environment. And finally, I will provide an update on our full year financial ambitions and our early outlook for 2025.

So far, we then provide additional details on our financial results, and we'll open the line to your questions. Let's begin. SLB delivered strong third quarter results with continued margin expansion. Sequentially, although revenue was flat, we expanded our adjusted EBITDA margin by more than 50 basis points to 20.5%, 20.6% by driving efficiencies throughout the business, and we generated very strong free cash flow of \$1.81 billion.

In international markets, revenue remains steady sequentially despite lower reactivity as commodity prices resulted in a more cautious approach to discretionary short cycle spending. Demand for SLBs, digital products, and services continued to accelerate, and we saw continued growth in the Middle East and Asia fueled by all capacity expansions and strong gas activity as well as offshore products. Meanwhile, revenue in Europe and Africa was largely unchanged. A strong production and recovery activity in North Africa was offset by a decline in Latin America following a strong second quarter.

Turning to North America, revenue increased 3% sequentially as higher offshore activity in the Gulf of Mexico was partially offset by lower drilling activity in US Land as the market remained constrained by gas prices and ongoing capital discipline by operators. Next, let me touch on the performance of the divisions. In digital and integration, we delivered strong sequential growth led by our digital business, which reached a new quarterly revenue high. We also continued to increase profitability, expanding our pre-tax segment operating margins to 36% driven by our digital revenue and cost optimization.

Overall, our digital business remained on pace to achieve full year to achieve full year revenue growth in the high teens. And we announced a number of exciting new products and partnership during the quarter that I will discuss a little later in today's call. Turning to the core

divisions, production system continues to grow, benefiting from long cycle development activity, particularly in the Middle East and Asia and in the Gulf of Mexico. I was proud to see that most production system business lines contributed to this performance as we continue to secure sizable bookings while also increasing our backlog for the future.

As our performance remains steady, supported by stable production and recovery spending, and while construction declined slightly due to weaker land activity in North America and international markets. Overall, these results demonstrate SLB's unique ability to navigate the evolving market by leveraging our differential international and offshore positioning, our broad technology portfolio, and our continued focus on capital discipline and operating efficiency. I want to thank the SLB team for continuing to deliver for our customers and shareholders in this dynamic environment. I'm extremely proud of their contribution and dedication to our performance strategy.

Next, I wanted to share some updates on our progress in digital. We delivered another quarter of strong digital growth as operators continue to increase their investment in digital technology to reduce cycle times and risk, enhance productivity, lower cost and carbon, and accelerate returns. This is presenting opportunities for high margin growth. And we have taken a leading role in this space, partnering with our customers to accelerate their transition to the cloud, scaling new technology for drilling and production operations, and creating new markets by delivering disruptive solutions for data and AI. As part of this journey, we hosted a digital forum in September where we brought more than 1,000 customers and partners to innovate solutions and shape our shared digital future.

During this event, we launched the Lumi data and AI platform, which will accelerate advanced data and generative AI capabilities at scale for SLB customers across the energy value chain. Today, we offer approximately 150 AI and machine learning capabilities across our product and solutions. And we continue to work for customers and partners to innovate and deploy new ones. We also unveiled a number of cross-industry announcements during the forum.

This includes a collaboration with NVIDIA to develop generative AI solutions for energy, as well as a partnership with Amazon Web Services to expand access to applications from the Delphi platform and to evaluate decarbonization solutions for Amazon digital infrastructure. Each of these agreements helps to expand our capability set and positions SLB as a key partner in digital and sustainability across the industry. Next, let me discuss the macro environment.

Over the past few months, community prices have been under pressure. This is largely due to concern of an oversupplied market, driven by higher output from non-OPEC plus producers, uncertainty around OPEC plus supply releases, weaker demand from China, and softer economic growth rates in the US And Europe. This has resulted in a cautionary approach to activity and discussion is spent by many customers as highlighted in our third quarter results. Despite these evolving market conditions, we believe the long-term fundamental for oil and gas remains in place.

Demand for energy is increasing, and energy security remains a global priority, as witnessed by recent community prices fluctuations tied to geopolitical tensions in the Middle East. In this

environment, gas will continue to play an increasing role in the energy transition, while oil remains a large part of the energy mix for decades to come. Internationally, gas investment remains strong, particularly in Asia, the Middle East, and the North Sea, and is expected to grow regardless of OPEC plus decisions on oil production. Meanwhile, whereas short-cycle oil investment has been more challenged, long-cycle deepwater projects globally, and most capacity expansion projects in the Middle East remain economically and strategically favorable.

Specific to North America, we do not see US Activity rebounding in the near term, and any potential increases in gas rigs could be quickly offset by a further decline in oil rigs due to increased operating efficiency. Overall, we expect this to result in a sustained level of global upstream investment in the years to come, with the secular trends of digital and industry decarbonization extending the investment horizon. SLB is well positioned to navigate in this evolving macro environment to our differential portfolio and multi-pronged strategic approach across core, digital, and new energy. With that background, let me conclude my opening remarks by sharing our outlook for the full year 2024 and our early thoughts regarding 2025.

Specific to the fourth quarter, we expect muted revenue growth with a favorable mix of year-end digital and product sales, partially offset by E&P budget exhaustion in US Land, and cautious discussion expanding from certain international customers. And with continued cost optimization, we anticipate we will deliver EBITDA margin expansion in the fourth quarter. For the full year 2024, ongoing margin expansion will enable us to deliver full-year adjusted EBITDA margins at or above 25%. Additionally, our strong cash flows, coupled with the announced sale of our Palliser asset in Canada, will support increased returns to our shareholders.

In 2025, we see the potential for upstream spending in the international market to grow in the low to mid-single digits, while North America's spending will be flat to slide it down. This directional outlook will depend on the geopolitical environment and commodity prices and will be shared and updated during January after we receive more feedback on customer budget. In conclusion, SLB remains well positioned to deliver strong financial results as an optimized cost structure, portfolio rationalization, differential exposure to key international and offshore markets, and digital leadership which support further margin expansion, higher cash generation, and increased returns to shareholders. I will now turn the call over to Stephane.

Stephane Biguet {BIO 18640415 <GO>}

Thank you, Olivier, and good morning, ladies and gentlemen. Third quarter earnings per share, excluding charges and credits, was \$0.89. This represents an increase of \$0.04 sequentially and \$0.11, or 14%, when compared to the third quarter of last year. During the quarter, we recorded \$0.02 of merger and integration charges relating to the Aker, Subsea, and ChampionX transactions and \$0.04 of charges in connection with the program we started last quarter to realign and optimize the support and service delivery structure in certain parts of our organization.

Overall, our third quarter revenue of \$9.2 billion was essentially flat sequentially. However, the third quarter represented another quarter of both sequential and year-on-year margin expansion, despite revenue growth rates moderating. These improvements were driven by very strong digital and integration margins combined with the effect of the cost optimization

A - Olivier Le Peuch {BIO 16885975 <GO>}

Thank you, James.

Operator

Our next question we have is from David Anderson with Barclays. Please go ahead.

Q - J David Anderson {BIO 16441072 <GO>}

Hi. Good morning, Olivier.

A - Olivier Le Peuch {BIO 16885975 <GO>}

Good morning.

Q - J David Anderson {BIO 16441072 <GO>}

So your customers are being more cautious, though you're saying larger projects are still moving ahead.

It seems pretty clear the cycle is kind of plateauing here. International spending you're saying now is low, mid to single digits next year. But if we look at the prior cycle, the second half of that was really driven by sustained deep water development. So my question is, do you think deep water can once again be a driver of growth, say beyond '25? We have something like \$300 billion in FIDs the last few years.

You just announced a slew of Petrobras awards today, and now you have Namibia and Suriname on the horizon. So my question is, is that enough to drive growth's overall spending higher, or is it just really a function of the oil prices need to structurally improve in order to kind of get this cycle kind of re-accelerated?

A - Olivier Le Peuch {BIO 16885975 <GO>}

Yeah, I think you have seen the realization that when community price is under pressure, there is some pressure on short cycle that is suppressed, and that may come back and will come back as soon because it impacts in-field drilling, it impacts intervention activity, it impacts short cycle and commercial in some regions. But it will most likely come back as soon as the community price regains traction. But the long cycle, apart from some decision on timing and project execution, have been untouched, and we have had a year of strong exploration activity that has unlocked new reserves that a new reserve that has appraised a new future pipeline of deepwater, as you have heard and seen across the Americas, across South Africa, across the East Mediterranean and across Asia where gas is critical.

And the combination of these, as you know, is representing every year. This year, I think the total offshore FID will approach \$100 billion, and we expect that this rate of \$100 billion FID for

Stephane, how would the financials be impacted by the Palliser sale? How much EBITDA comes out and how much CapEx comes out?

A - Stephane Biguet {BIO 18640415 <GO>}

Yeah, so we, on Palliser, we generate approximately \$500 million of revenue per year on the asset, and this comes with pre-tax margins in the high 30s. Now you mentioned something very important, it also removes quite a bit of investment that we need to inject every year to maintain this number, so the CapEx is about \$150 million per year. And as I mentioned as well in my prepared remark, something not to underestimate is removing future abandonment liabilities, which discounted are about \$280 million, but undiscounted are close to \$1 billion, so that's, it's a good thing this is going away from our balance sheet and NTL P&L, and it will reduce both earnings volatility and capital intensity.

Q - Scott Gruber {BIO 6761975 <GO>}

Appreciate the color, thank you.

A - Olivier Le Peuch {BIO 16885975 <GO>}

Thank you.

A - Stephane Biguet {BIO 18640415 <GO>}

Thank you.

Operator

Next we go to Arun Jayaram with JP Morgan, please go ahead.

Q - Arun Jayaram {BIO 5817622 <GO>}

Yeah, good morning, Olivier, you framed that you're seeing a little bit of cautiousness in some of the short cycle markets, North America, international oil, with some resiliency and long cycle gas and deep water opportunities.

I was wondering how, if you could, how would you characterize the price, the current pricing dynamics internationally, just relative to your expectations of margin expansion from here?

A - Olivier Le Peuch {BIO 16885975 <GO>}

I think we believe that the pricing environment is still positive, constructive, I would say. I think first realizing that the industry is capital discipline, and the industry has no spare capacity to move and to place, and as a consequence, performance, technology, and integration capabilities still give us opportunity to support our pricing. And I don't see it in the current environment changing very much.

Q - Arun Jayaram {BIO 5817622 <GO>}

Fair enough.

I had a follow-up on new energy. You guys press release an update on your lithium DLE pilot in the quarter Nevada, which highlighted a very high kind of recovery rate. I was wondering if you could talk about, Olivier, the next steps to commercialize this technology. How competitive are the extraction costs today versus existing technologies? I was wondering if you could just maybe frame the growth opportunity from lithium.

A - Olivier Le Peuch {BIO 16885975 <GO>}

Well, as you pointed out, I think first we are very pleased to have achieved these milestones. Again, the milestone has been to produce lithium carbonate from our demonstration plant in Nevada using a direct lithium using a direct lithium extraction from brine and using a concentration and purification process that we have integrated with our own IP and using some external technology and putting this together and working for months to tune it, to digitally optimize it, and to realize this. So our plan forward is to work with prospective partners and customers to see how this technology can be used and scaled to respond to big demands that exist and some plans that some of our customers and partners have announced to use DLE as a method to extract lithium and produce it in large quantity in the coming years. So we are looking forward to use this technology to scale it for application as a licensed technology or as a partner where we will develop and run going forward this technology with our customers and partners.

That's the way we look into it. And again, very good first and benchmark performance for such a DLE plant and exciting prospect, long-term prospect for us in this new space.

Q - Arun Jayaram {BIO 5817622 <GO>}

Great. Thanks a lot.

A - Olivier Le Peuch {BIO 16885975 <GO>}

Thank you.

Operator

And our next question comes from Neil Mehta with Goldman Sachs. Please go ahead.

Q - Neil Mehta {BIO 16213187 <GO>}

Yeah, good morning, team.

A couple of financial questions. Maybe as we think about 2025 over the summer, you had talked about that \$10 billion EBITDA target for 2025 on the 20% CAGR Just in light of some of

made in the past already, now it's just enriching the platform and supporting the enriched offering for the customer.

Q - Analyst

Great, appreciate it, thanks.

A - Olivier Le Peuch {BIO 16885975 <GO>}

Thank you.

Operator

And our last question will come from Stephen Gengaro with Stifel. Please go ahead.

Q - Stephen Gengaro {BIO 1506867 <GO>}

Thanks. Good morning, everybody.

A - Olivier Le Peuch {BIO 16885975 <GO>}

Good morning, Stephen.

Q - Stephen Gengaro {BIO 1506867 <GO>}

Two for me.

The first, just sort of thinking about the short-term in the fourth quarter, can you talk a little bit about sort of the puts and takes as we look at the fourth quarter and maybe even versus sort of normal seasonality that we get every year? And I'm just also curious on the Gulf of Mexico if there's been any big impact from the storm activity.

A - Olivier Le Peuch {BIO 16885975 <GO>}

I'm not sure we got your second question you're concerned about, the second part of your question.

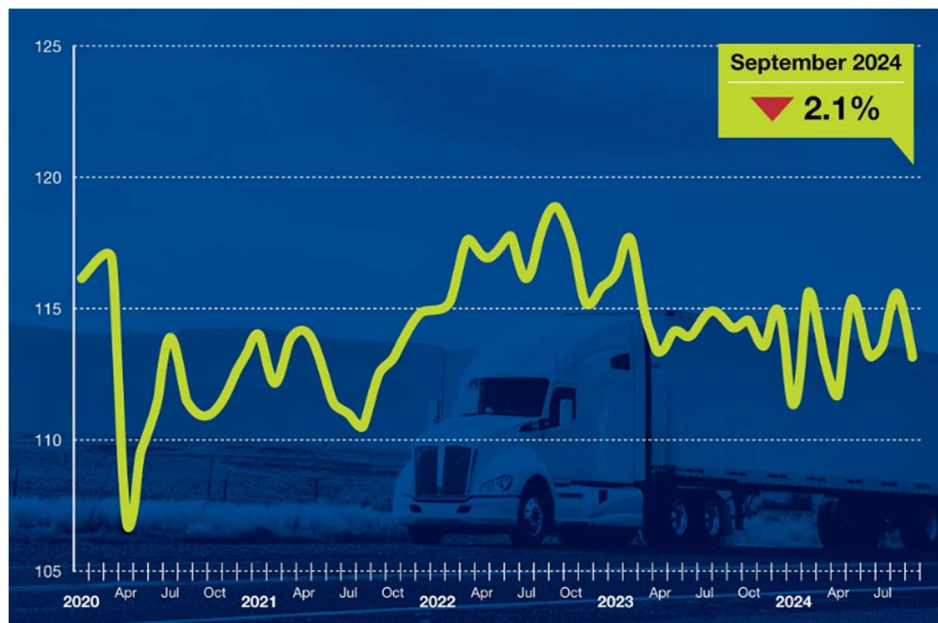
Q - Stephen Gengaro {BIO 1506867 <GO>}

Whether there's been much impact from the Gulf of Mexico storms.

A - Olivier Le Peuch {BIO 16885975 <GO>}

So I'll start with this to say that we have seen muted impact on the Gulf of Mexico storm operation and the Gulf of Mexico has been the driver for growth in the third quarter sequentially.

ATA Truck Tonnage Index Decreased 2.1% in September



Washington — American Trucking Associations' advanced seasonally adjusted For-Hire Truck Tonnage Index decreased 2.1% in September after rising 1.7% in August. In September, the index equaled 113.2 (2015=100) compared with 115.6 in August.

"After increasing a total of 2.1% in July and August, tonnage fell by that amount in September," said **ATA Chief Economist Bob Costello**. "Freight has been very choppy this year, but despite the latest drop, tonnage is up 1.8% since hitting a low in January. No doubt, the climb up has been slow and difficult as manufacturing activity remains flat, but the trend is up, not down."

August's increase was revised down slightly from our September 24 press release.

Compared with September 2023, the index fell 0.9%, after rising 0.6% in August from a year earlier.

The not seasonally adjusted index, which represents the change in tonnage actually hauled by the fleets before any seasonal adjustment, equaled 111.6 in September, 6.4% below August. ATA's For-Hire Truck Tonnage Index is dominated by contract freight as opposed to traditional spot market freight.

In calculating the index, 100 represents 2015.

Trucking serves as a barometer of the U.S. economy, representing 72.6% of tonnage carried by all modes of domestic freight transportation, including manufactured and retail goods. Trucks hauled 11.46 billion tons of freight in 2022. Motor carriers collected \$940.8 billion, or 80.7% of total revenue earned by all transport modes.

ATA calculates the tonnage index based on surveys from its membership and has been doing so since the 1970s. This is a preliminary figure and subject to change in the final report issued around the 5th day of each month. The report includes month-to-month and year-over-year results, relevant economic comparisons, and key financial indicators.

<https://tipro.org/news/tipro-reports-texas-upstream-job-growth-and-rising-domestic-production-outlook/>

TIPRO Reports Texas Upstream Job Growth and Rising Domestic Production Outlook

October 18, 2024

Austin, Texas – Citing the latest Current Employment Statistics (CES) report from the U.S. Bureau of Labor Statistics (BLS), the Texas Independent Producers and Royalty Owners Association (TIPRO) today highlighted new employment figures showing the fourth consecutive month of growth in upstream employment in Texas in the month of September 2024. According to TIPRO's analysis, direct Texas upstream employment for September totaled 195,400, an increase of 800 industry jobs from revised August employment numbers. The Texas upstream employment data represents a decrease of 900 jobs in oil and gas extraction and an increase of 1,700 positions in the services sector last month.

TIPRO's new workforce data yet again indicated strong job postings for the Texas oil and natural gas industry. According to the association, there were 11,970 active unique jobs postings for the Texas oil and natural gas industry last month, an increase of 147 posted employment opportunities compared to August and 4,623 new job postings added during the month by companies. In comparison, the state of California had 4,008 unique job postings in September, followed by Florida (1,984), New York (1,910), Pennsylvania (1,658) and Oklahoma (1,528). TIPRO reported a total of 56,563 unique job postings nationwide last month within the oil and natural gas sector.

Among the 19 specific industry sectors TIPRO uses to define the Texas oil and natural gas industry, Gasoline Stations with Convenience Stores led in the ranking for unique job listings in September with 2,933 postings, followed by Support Activities for Oil and Gas Operations (2,539) and Crude Petroleum Extraction (1,160). The leading three cities by total unique oil and natural gas job postings were Houston (3,019), Midland (843) and Odessa (431), said TIPRO.



Country Analysis Brief: Argentina

Last Updated: October 17, 2024

Next Update: October 2026

Overview

Table 1. Argentina's energy overview, 2022

	Crude oil and other petroleum liquids	Natural gas	Coal	Nuclear	Hydro	Other renewables	Total
Primary energy consumption (quads)	1.39	1.71	0.05	0.09	0.10	0.11	3.45
Primary energy consumption (percentage)	40.4%	49.5%	1.6%	2.5%	2.8%	3.1%	100.0%
Primary energy production (quads)	1.46	1.60	0.00	0.09	0.07	0.19	3.40
Primary energy production (percentage)	42.8%	47.0%	0.0%	2.6%	2.1%	5.5%	100.0%
Electricity generation (terawatthours)	15.06	76.91	1.86	7.47	23.97	19.17	144.98
Electricity generation (percentage)	10.4%	53.0%	1.3%	5.2%	16.5%	13.2%	100.0%

Data source: U.S. Energy Information Administration, International Energy Statistics; the International Energy Agency, *World Energy Statistics 2023*; and Energy Institute, *Statistical Review of World Energy 2024*

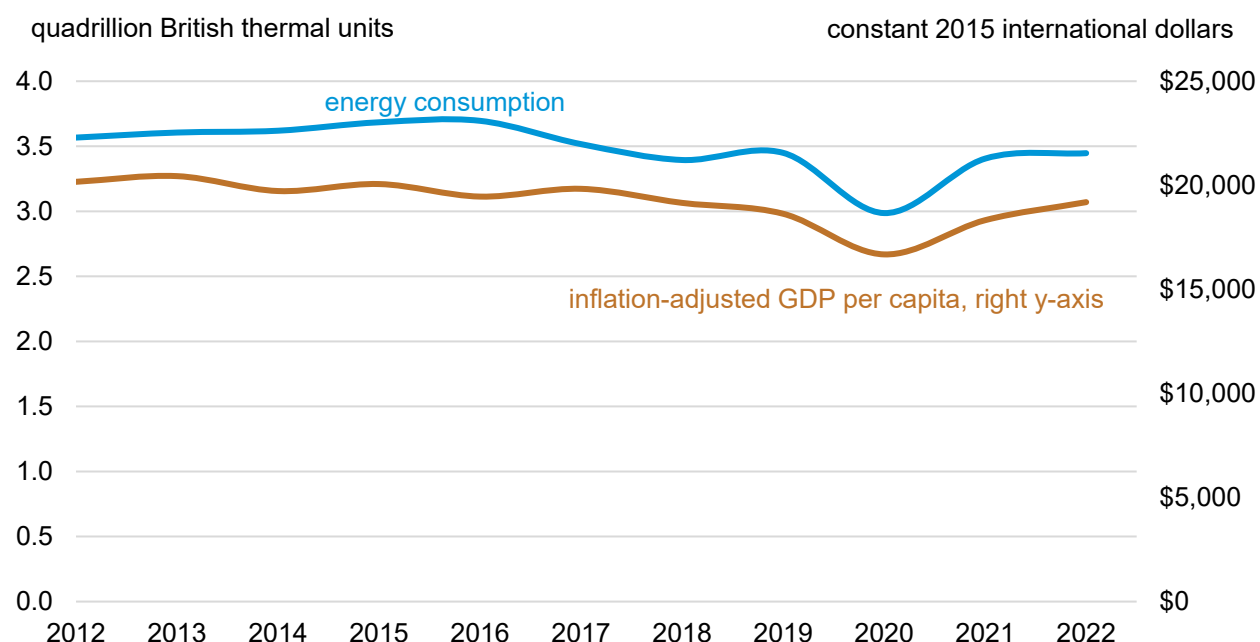
Note: *Other renewables* contain solar, wind, and biomass and waste. Percentages may not add up to 100% due to independent rounding. Quads=quadrillion British thermal units

- Argentina's total energy consumption was 3.45 quads in 2022, lower than the 3.57 quads consumed in 2012 (Figure 1). The reduction in energy consumption was curbed by a 0.5% annual decline in the country's gross domestic product per capita, adjusted for inflation, between 2012 and 2022 (Figure 2). As of 2022, transportation fuel accounted for 31.9% of all energy consumed in the country, followed by residential use (26.4%) and industrial use (21.6%).¹
- Argentina's energy sector relies mainly on fossil fuels, especially natural gas and oil. In 2022, 47% of the country's energy production came from natural gas, and the natural gas share of primary energy consumption was 49.5%. Argentina's global share of natural gas consumption was 1.15% (Figure 3). Oil accounted for 42.8% of total energy production and 40.4% of primary energy consumption (Table 1 and Figure 4).
- Argentina has increased the share of renewable energy consumption from 4.2% in 2012 to 6.0% in 2022; the share of renewable energy production rose from 7.4% in 2012 to 7.6% in 2022.^{2, 3}
- Following a 20% cumulative decline between 2004 and 2014 in energy production, Argentina's energy production began to increase in 2015. From 2015 to 2022, energy production grew by an annual average of 2%—primarily driven by natural gas, which contributed 62% to this growth. In late 2014, Argentina's government reformed the national bidding process to provide incentives for private sector investment in upstream

oil and natural gas. The reform increased the frequency of offshore licensing rounds, allowed longer exploitation periods, and offered tax exemptions to companies investing more than \$250 million over three years.⁴

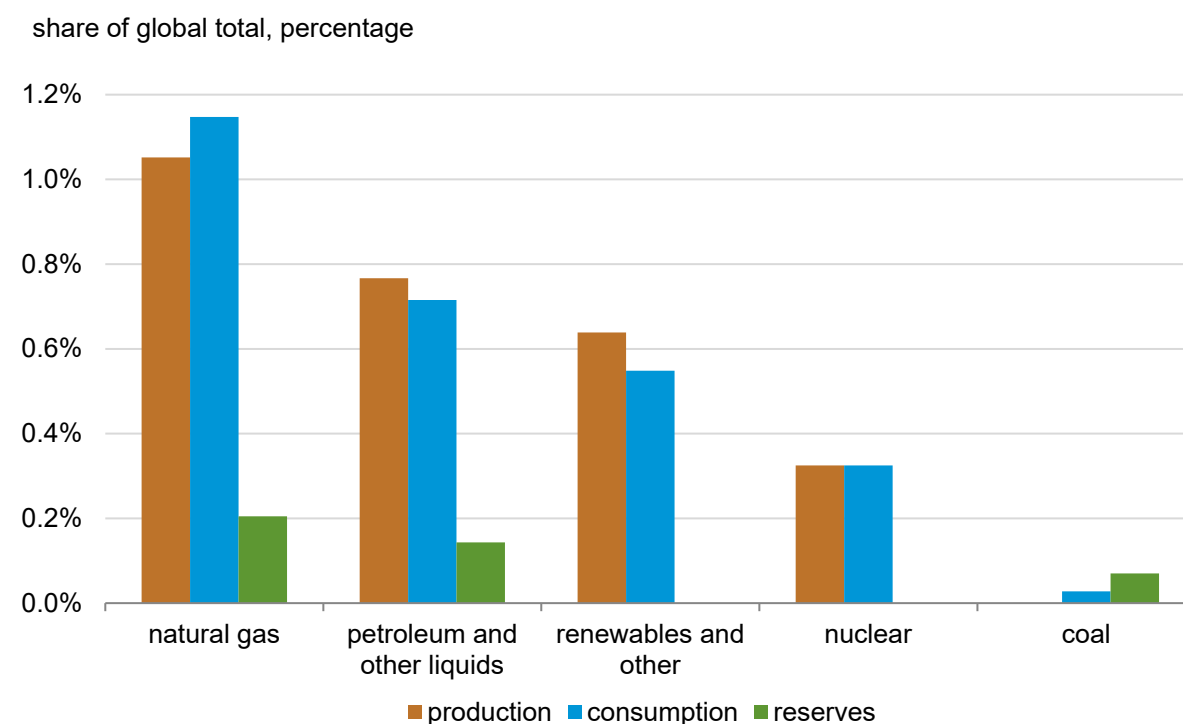
- Argentina's energy subsidies have been historically high. In 2023, energy subsidies accounted for 1.6% of GDP. To decrease the burden of subsidies, the government implemented a gradual increase in electricity and natural gas prices in 2024, reducing the caps on subsidized consumption.^{5, 6}
- Argentina faces energy infrastructure bottlenecks and regulatory hurdles. In December 2023, the President of Argentina declared an emergency in the electricity transmission and distribution sectors because the equipment is outdated, the industry hasn't adapted to changing demand, and the electricity network hasn't expanded to meet rising demand. Argentina is commissioning large projects in both the generation and transmission sectors to meet rising electricity demand. In addition, equipment and transportation bottlenecks have limited growth in Argentina's oil and natural gas production. The country's economic situation has made it challenging to find financing for drilling equipment and parts, leading to shortages and drilling activity bottlenecks.^{7, 8}
- In 2021, Argentina became part of the Net Zero World Initiative, a program managed by the U.S. Department of Energy, aimed at helping countries reduce carbon emissions from their energy sectors. Argentina and the United States are closely collaborating on energy efficiency efforts. In July 2023, Argentina approved the National Energy Transition Plan to 2030. The plan sets the target for the country's net emissions not to exceed 349 million tons of CO₂ equivalent. The plan aims to reduce energy demand by at least 8% through energy efficiency and responsible energy use and to exceed 50% renewables in electricity generation by 2030. The plan also calls for significant investment in electricity transmission, natural gas pipelines, and renewable energy-based generation capacity.^{9, 10}
- Argentina's energy sector regulatory framework aims to provide more market certainty and attract foreign investment to enhance oil and natural gas production for exports. Given the current economic challenges, Argentina's federal and provincial governments continue to have a significant role in the energy sector. The Argentine government views the oil and natural gas sector as a major driver of exports and a way to generate revenue. Attracting foreign direct investment to stimulate economic growth is an area of great interest in the country.¹¹

Figure 2. Argentina's total energy consumption and inflation-adjusted GDP per capita, 2012–2022



Data source: U.S. Energy Information Administration, International Energy Statistics

Figure 3. Argentina's energy production, consumption, and reserves, by source, 2022



Data source: U.S. Energy Information Administration, International Energy Statistics; and Energy Institute, *Statistical Review of World Energy 2024*



Note: *Renewables and other* contain hydropower, geothermal, tide, wave, fuel cell, solar, wind, and biomass and waste. Reserves data are from 2020.

Petroleum and Other Liquids

- Argentina's proved oil reserves were 3.0 billion barrels in 2023—48% were conventional reserves and 52% were unconventional proved reserves. Unconventional proved oil refers to oil reserves that cannot be accessed using conventional drilling techniques. In 2023, almost 82% of the conventional reserves were located in the Golfo San Jorge Basin. This basin in eastern Patagonia, Argentina, is rich in hydrocarbons. Oil was found in the area in 1907, and it has become the second-most productive hydrocarbon basin in Argentina after the Neuquén Basin. As of 2023, nearly all of the unconventional proved oil was in the Neuquén Basin, largely because of the Vaca Muerta formation (Figure 6). The Vaca Muerta is a geologic formation of the Late Jurassic to Early Cretaceous age, located in the provinces of Neuquén, Mendoza, and Rio Negro in Argentina. Since its discovery in 2010 by the former Repsol-YPF, the Vaca Muerta shale formation has driven Argentina's oil production growth. The shale quality, production incentives, tax exemptions, and labor concessions for this area have helped to reduce operational costs and improve efficiency. In 2023, Argentina is estimated to have received a record-high upstream investment of approximately \$11 billion. These investments reflect the attractiveness of the country's unconventional hydrocarbon reservoirs and a series of piecemeal incentives enacted by successive Argentine governments to shield the exploration and production sector from economic volatility.^{12, 13, 14, 15, 16, 17}
- Argentina's biggest upstream and downstream operator is the national company YPF, which was re-nationalized from Spain's Repsol in 2012. Since 2012, Chevron, ExxonMobil, Shell, TotalEnergies, along with several local firms have been active in Vaca Muerta. The industry has expressed a continued need for small- and medium-sized service companies with shale expertise to enter the market and further improve efficiency and reduce costs. In 2023, YPF, Pan American Energy, and Vista Energy made up almost three-quarters of the oil production.^{18, 19, 20, 21, 22}
- In 2023, Argentina produced 819,000 barrels per day (b/d) of total petroleum liquids, a 4% increase from 2022. Unconventional resources accounted for 34% of that production, a 17% increase from 2019 (Figure 7). Argentina's average rig count was 58 in 2023, which was down from 64 in 2019 as a result of high well costs (Figure 8). Argentina's oil production growth accelerated from 2021 to 2023, increasing by 8% per year on average. Most of the growth came from crude oil, including condensates (Figure 9).
- YPF, in its latest strategic plan, announced that it will prioritize making crude oil a revenue-generating commodity over the near term (2023–2025). With growing opposition in the Argentine Congress to YPF's privatization, in January 2024, newly elected President Javier Milei suspended the move by excluding the privatization provision from the Omnibus Bill. However, in February 2024, YPF began selling aging assets to increase its focus on Vaca Muerta developments.^{23, 24}
- In 2023, Argentina had a total oil refining capacity of 580,000 barrels per day (b/d) and an average utilization capacity of 89%, up from 80% in 2013 (Figure 10). Despite increased crude oil production, Argentina still imports petroleum products to meet specific refining requirements and ensure a steady supply of refined products. One example is diesel because the domestic refineries do not have enough capacity to refine sufficient diesel fuel to meet demand. As of 2023, Argentine refineries supplied 80% of the domestic demand, and the remaining 20% was imported. Since 1971, refinery capacity has remained relatively stable. Despite proposals, no upcoming additions to

capacity are planned. In 2023, distillate fuel oil remained Argentina's most-consumed refined petroleum product, followed by other petroleum liquids, and motor gasoline (Figure 11).^{25, 26}

- YPF operates more than 50% of the total refining capacity. About 50% of Argentina's refining capacity is in Buenos Aires. YPF's La Plata refinery is the largest in the country, accounting for about 30% of the total capacity in 2023. La Plata produces fuel oil, diesel oil, and gasoline, as well as lubricants, asphalt, and paraffin. In 2023, the La Plata refinery processed 207,000 b/d, followed by Luján de Cuyo (120,000 b/d), Dock Sud (101,000 b/d), and Campana (93,000 b/d) refineries.
- The Campana refinery in Argentina has undergone several upgrades and expansions recently, including projects to increase production, improve fuel quality, and reduce emissions. In 2023, the Campana Refinery was awarded the Latin American Refining Technology Conference Refinery of the Year and achieved a seven-point improvement in its integrated energy-efficiency index.²⁷
- As of 2023, Argentina had a 2,604-mile-long pipeline network (Table 2). The Oldelval network is the largest oil pipeline system in Argentina. It consists of several branches that connect the Puesto Hernández oil field in Neuquén province with the Oiltanking EBYTEM Terminal in Puerto Rosales, Buenos Aires province. A side branch of the system also connects to YPF's Plaza Huincol refinery in Neuquén province. At its western end in Puesto Hernández, the Oldelval System connects to YPF's Puesto Hernández-Luján de Cuyo Oil Pipeline, which continues north to YPF's Luján de Cuyo refinery. At its eastern end in Puerto Rosales, the Oldelval System connects with the Puerto Rosales-La Plata Oil Pipeline, which sends oil north to YPF's La Plata refinery near Buenos Aires. The Puerto Rosales-La Plata Oil Pipeline is the second-largest oil pipeline in Argentina. It runs from Puerto Rosales to YPF's refinery in La Plata, passing through pumping stations at Dorrego, Indio Rico, Laprida, Chillar, Cacharí, and Las Flores (Figure 12).^{28, 29}
- Argentina's crude oil transportation network was recently expanded, increasing the transportation capacity from the Neuquén Basin. In 2023, Argentina completed the Vaca Muerta Norte Oil Pipeline, designed to increase crude oil transport and export capacity from the Vaca Muerta in Argentina's Neuquén province. The pipeline, whose construction started in 2022 and was completed in 2023, transports crude oil from several fields in the La Amarga Chica area to YPF's pumping station at Puesto Hernández. This crude oil can supply the Luján de Cuyo refinery and feed into the Trans-Andean Oil Pipeline for export to Chile.³⁰
- The re-commissioning of the Trasandino oil pipeline to Chile, which had been idle since 2006, became operational again in 2023. The operator's shareholders, YPF, ENAP, and Unocal Argentina provided the investment required to resume operations. Additionally, the first stage of the Oldelval crude oil pipeline expansion was completed in 2023. These expansions are crucial for marketing the increasing Vaca Muerta oil production. Private producers have also entered the midstream business. A Riverstone, Southern Cross, and Vista Oil and Gas consortium established Aleph Midstream, further expanding the midstream infrastructure in Vaca Muerta. The private companies holding the existing transportation concessions are carrying out these expansions under the open season scheme established by Decree No 115/19. This scheme involves signing freely negotiated firm capacity contracts between the terminal operator and the shippers.^{31, 32,}

- In May 2024, YPF began construction of Vaca Muerta Sur, a 373-mile crude oil pipeline. Construction is expected to be completed by the end of 2026 and connect fields in the Añelo region to the existing oil transportation system operated by Oldelval, Argentina's largest crude oil pipeline network (587,000-b/d capacity). With this infrastructure addition, producers in Neuquén will be able to transport crude oil to the export terminal in Puerto Rosales and the three refineries in Luján de Cujo, La Plata, and Plaza Huincul. At maximum operational capacity, the Vaca Muerta Sur Oil Pipeline will be able to transport 390,000 b/d, increasing the oil evacuation capacity of the Neuquén Basin by 70% and doubling the current capacity of the Vaca Muerta formation.^{34, 35}
- In March 2024, ExxonMobil reported that it plans to spend more than \$191 million on infrastructure, including the new 27-mile Bajo del Choique Nordeste pipeline, which will be able to transport up to 60,000 b/d of oil between the crude oil processing plant in the Bajo del Choique area and the loading and unloading terminal in Oldelval, Auca Mahuida.³⁶
- Most of the fuel distribution network is controlled by four major companies: YPF, Axion Energy, Shell, and Trafigura. Together, they hold a combined market share of over 67% and own more than 3,000 retail stations in Argentina. YPF operates over one-third of the retail stations.

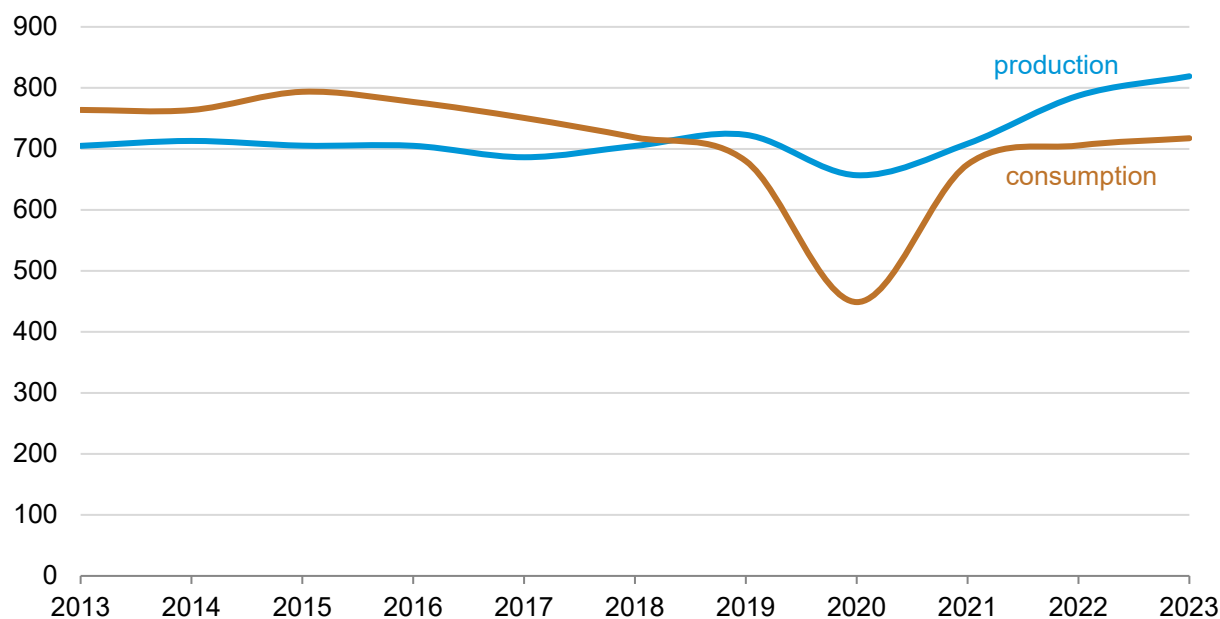
Figure 6. Map of Argentina's Vaca Muerta formation



Data source: U.S. Energy Information Administration; World Bank, *ESRI*; Instituto Nacional de Estadística y Censos; National Energy Technology Laboratory Global Energy and Gas Features Database

Figure 7. Argentina's total petroleum and other liquids production and consumption, 2013–2023

thousand barrels per day

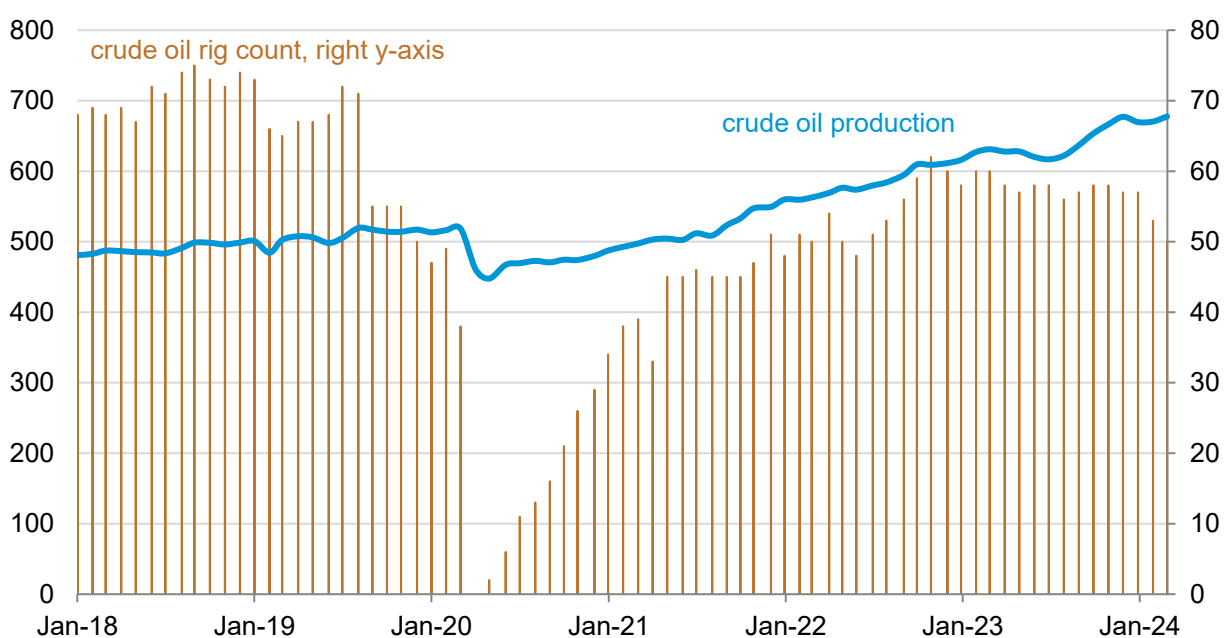


Data source: U.S. Energy Information Administration, International Energy Statistics and Short-Term Energy Outlook

Figure 8. Argentina's crude oil rig count and crude oil production, 2018–2024

thousand barrels per day

count



Data source: U.S. Energy Information Administration, International Energy Statistics, and Baker Hughes
Note: Crude oil rig count and crude oil production data through March 2024.

Table 2. Argentina's operating oil pipelines, 2023

Name	Owner	Capacity (thousand barrels per day)
Oldelval Oil Pipeline	Oleoductos del Valle SA (100.00%)	587
Puerto Rosales-La Plata Oil Pipeline	YPF (100.00%)	327
Vaca Muerta Norte Oil Pipeline	YPF (100.00%)	160
La Plata-Dock Sud Oil Pipeline	YPF (100.00%)	141
Oiltanking Pipeline	Oiltanking (70.00%); YPF (30.00%)	126
Loma Campana-Lago Pellegrini Oil Pipeline	YPF (85.00%); Tecpetrol (15.00%)	126
Sierras Blancas-Allen Oil Pipeline	Shell (60.00%); Pan American Energy (25.00%); Pluspetrol (15.00%)	125
Trans-Andean Oil Pipeline	Enap (36.25%); YPF (36.00%); Unocal Argentina (27.75%)	115
Puesto Hernández-Luján de Cuyo Oil Pipeline	YPF (100.00%)	94
Anticlinal Grande-Caleta Córdova Oil Pipeline	Pan American Energy (100.00%)	50
Petro Andina Pipeline	Pluspetrol (100.00%)	40
Boleadoras-Punta Loyola Oil Pipeline	CGC (Compañía General de Combustibles) (100.00%)	33
María Inés-Punta Loyola Oil Pipeline	CGC (Compañía General de Combustibles) (100.00%)	33
Loma La Lata-Centenario Oil Pipeline	YPF (100.00%)	33
Borde Montuoso - La Escondida Oil Pipeline	Vista Energy Argentina SAU (unknown %)	31
Los Perales-Las Mesetas-Caleta Olivia Oil Pipeline	YPF (100.00%)	9
El Cóndor-Punta Loyola Oil Pipeline	CGC (Compañía General de Combustibles) (100.00%)	8
Estancia La Maggie-Punta Loyola Oil Pipeline	CGC (Compañía General de Combustibles) (100.00%)	...
25 de Mayo - Medanito Oil Pipeline	Vista Energy Argentina SAU (unknown %)	...
Total		2,038

Data source: Global Oil Infrastructure Tracker, *Global Energy Monitor*, May 2024

Natural Gas and LNG

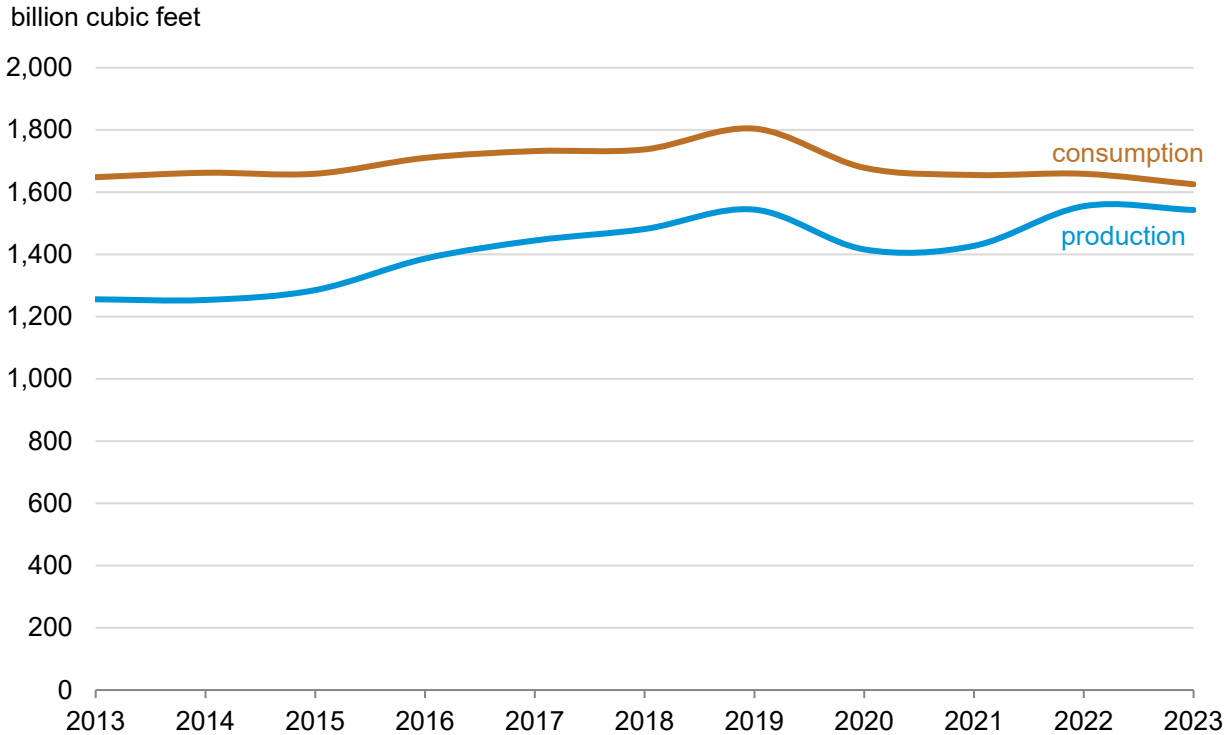
- Argentina's proved natural gas reserves were estimated at 17.2 trillion cubic feet (Tcf) in 2023: 29% were conventional reserves and 71% were unconventional reserves. The Austral Basin holds nearly 51% of the conventional proved natural gas reserves. This basin covers about 88,803 square miles, with 85% of it located in Argentina and 15% in Chile. The Neuquén Basin holds 98% of the country's unconventional proved natural gas reserves. The basin extends over 46,332 square miles in Argentina's northern Patagonia and contains the Vaca Muerta shale formation (Figure 6). Argentina is estimated to have 802 Tcf of technically recoverable shale gas. Technically recoverable resources are oil and natural gas that could be produced with current technology, regardless of oil and natural gas prices and production costs.^{37, 38, 39, 40}
- Argentina is the world's 17th-highest natural gas producer, at 1.6 trillion cubic feet (Tcf) in 2022 and 1.05% of global production (Figure 3). Argentina has 166 natural gas-

producing fields; four are located offshore and the rest are onshore. Most natural gas fields in Argentina are in the Neuquén Province, where 72 of the country's 166 natural gas fields are located. Argentina's national oil company, YPF, is responsible for producing just over one-fourth of the country's natural gas. Other large players include Total Austral, Tecpetrol, and Pan American Energy. As of 2023, approximately 63% of Argentina's natural gas production came from conventional reserves; the remaining 37% were unconventional natural gas reserves. Argentina's natural gas production steadily increased by 2.4% between 2015 and 2023, and unconventional production was the primary driver of this growth.^{41, 42, 43, 44, 45}

- In 2020, Argentina's government launched Plan GasAr, a natural gas initiative aimed at boosting local production and cutting down on natural gas imports. The plan provides a framework to ensure access to foreign exchange and government support for increased production.⁴⁶
- Natural gas consumption has remained stable over the years (Figure 13). Demand for natural gas is driven by residential, power, and industrial sectors. Residential demand follows a seasonal pattern, peaking from May to September for space heating during winter months.⁴⁷
- Argentina is developing midstream infrastructure projects to strengthen the domestic natural gas market. In July 2023, Argentina's government commissioned the Néstor Kirchner Gas Pipeline, also known as the Vaca Muerta Pipeline. This pipeline connects the natural gas-rich Neuquén Province with the Buenos Aires Province. The initial phase of the Néstor Kirchner pipeline runs from Tratayén in the Vaca Muerta shale fields to a connection with TGS's Neuba II natural gas pipeline at the Saturno compression plant near Salliqueló (Buenos Aires province). Its route passes through additional compressor stations at Casa de Piedra, Chacharramendi, and Doblas (Table 3 and Figure 14). The second phase of the Néstor Kirchner pipeline is expected to be completed by 2026. It will connect Salliqueló in Buenos Aires Province with San Jerónimo in Santa Fe Province, northwest of the capital. The pipeline will pass through compressor stations at Las Toscas and La Angelita. In addition, the project to reverse the northern natural gas pipeline is currently underway. The aim is to transport natural gas from Vaca Muerta to northern Argentina, replacing Bolivia's natural gas imports, which ended in September 2024.^{48, 49, 50}
- Argentina is developing projects for its offshore natural gas reserves. In September 2024, TotalEnergies started production from the Fenix gas field, located off the coast of Tierra del Fuego in Southern Argentina. The field is part of the Cuenca Marina Austral 1 (CMA-1) concession, with TotalEnergies holding a 37.5% interest, along with partners Harbour Energy (37.5%) and Pan American Energy (25%). The Fenix development has a production capacity of 353 million cubic feet per day (70,000 boe/d) and features a new unmanned platform in 230 feet of water. Gas from Fenix is transported through a 22-mile subsea pipeline to the TotalEnergies-operated Véga Pléyade platform and then processed onshore at the Río Cullen and Cañadon Alfa facilities, both operated by the company.^{51, 52, 53}
- There have been two liquefied natural gas (LNG) regasification facilities in Argentina, including in Bahía Blanca and Escobar in recent years. Regasification is the process of converting liquefied natural gas (LNG) back into a gaseous state. The Bahía Blanca GasPort floating storage and regasification unit (FSRU) is in Bahía Blanca, Buenos Aires province. It was commissioned in 2008 and was South America's first LNG terminal and the world's second dockside regasification facility. The terminal includes a jetty-

mounted natural gas offloading arm that connects to a regasification vessel. The Escobar FSRU is also a floating LNG import terminal in Buenos Aires, Argentina. It was the second LNG terminal commissioned in 2011 in the country. The terminal supports peak capacity during high-demand winter months and facilitates additional natural gas supply and transportation in the region.^{54, 55, 56}

Figure 13. Argentina’s dry natural gas production and consumption, 2013–2023



Data source: U.S. Energy Information Administration, International Energy Statistics

Remarks by Amin H. Nasser at the Singapore International Energy Week (SIEW)



Aramco President & CEO

[SINGAPORE] October 20, 2024

Your Excellencies, Ladies and Gentlemen, good morning.

It is a pleasure to be with you all. I would like to thank everyone at the Energy Market Authority for their hospitality, and organizing this important annual conference.

This country has an outstanding reputation for turning vision into reality, through leadership, talent, and a relentless focus on what works. That has important lessons for the global energy transition, as I will explain this morning.

It is also wonderful to see people from across the region, as Asia becomes the world's economic center of gravity once again. Asia now accounts for almost half of world GDP, as well as half of the world's population.

This year alone, Asia is likely to contribute roughly 60 percent of global economic growth. And Asia consumes more than half of global energy supplies.

Crucially, 84 percent of that consumption is still supplied by conventional energy. In short, Asia is vital to the global economy, our shared climate ambitions, and the hopes and dreams of billions of people.

So you would think that Asia's priorities play an equally vital role in global energy transition planning. But as Singapore's late, great leader, Mr. Lee Kuan Yew, might have said, the hard truth is that you would be wrong.

This may be Asia's century. But Asia's voice and priorities, like those of the broader Global South, are hard to see in current transition planning, and the whole world is feeling the consequences. d. Transition progress is far slower, far less equitable, and far more complicated than many expected.

Three reality gaps stand out in particular.

First, oil-use sectors differ significantly, which matters. The only major one where a practical energy alternative is currently available is light duty vehicles. Electric vehicles are certainly making progress. But out of almost 1.5 billion vehicles on the road, only 57 million are EVs, or less than 4 percent.

Even that low level of penetration is mostly limited to the US, China, and the richer countries in the EU, driven by policies, subsidies, and incentives. In the rest of the world – particularly in Asia, Africa, and Latin America, where a lot of the population and energy demand growth is expected – EVs lag far behind.

Consumers generally struggle with affordability and infrastructure concerns, while they increasingly appreciate that the electricity used to charge batteries comes from different energy sources. In Asia, almost 70 percent of electricity is still powered by conventional energy, with only 12 percent by wind and solar.

Furthermore, electricity consumption per person is one-tenth the levels of advanced economies. So powering EVs is likely to be increasingly challenging in the region. Also, EV sales are beginning to face headwinds in the mass market now that the niche market of early, affluent adopters is mostly served.

Additionally, EV progress has no bearing on the other 75 percent of global oil demand. Massive segments like heavy transportation and petrochemicals have few economically viable alternatives to oil and gas.

Second, geographic regions differ and also matter. Yes, oil growth has plateaued in a few mature economies such as the EU, the U.S., and Japan, but they still consume large quantities of oil.

And while U.S. oil consumption is roughly 22 barrels per person per year, and the EU is around 9 barrels, it is 2.4 barrels in Vietnam, 1.4 barrels in India, and only 1 barrel in Africa. So the Global South is likely to see significant growth in oil demand for a long time as national economies grow and living standards rise. Just as developed countries enjoyed for decades.

Third, forecasts differ and matter too. Most analysts agree that even when the growth in global oil demand stops at some point, no abrupt drop in overall demand is anticipated. And that stage is likely to be followed by a long plateau.

If so, more than 100 million barrels per day would realistically still be required by 2050. This is a stark contrast with those predicting that oil will, or must, fall to just 25 million barrels per day by then. Being short 75 million barrels every day would be devastating for energy security and affordability.

And we are not long on confidence, with a sizeable gap between prediction and reality already. Despite trillions of dollars being invested in the global energy transition, oil demand is at an all-time high. Gas demand has also grown, by almost 70 percent since 2000.

So, rather than an energy transition, we are really talking about energy addition, where just the growth is mostly met by alternatives, instead of replacing conventional energy in any meaningful way.

Yet the current transition plan continues to ignore this reality, which is why it has failed to deliver in the three core areas we were promised it would help most.

One, energy that is affordable. For example, electricity prices in Europe rose as much as three to five-folds in many countries over the past two decades, despite the shift to renewables.

Two, progress is way off the pace. I mentioned low EV penetration, while wind and solar combined supply under four percent of world energy.

And **three**, transition will be expensive for everyone, with estimates of between 100 and 200 trillion dollars required globally by 2050. For developing countries, almost 6 trillion dollars may be required each year.

Moreover, in a transition that requires staggering amounts of front-end capital investment, the cost of capital is more than twice as high in developing countries where the need is greater. And for the least developed countries the future looks especially bleak if many have to spend up to half their total GDP every year on transition alone.

It is why almost all the recent growth in clean energy investments has been in advanced economies and China. In other words, despite progress in the Global North, the Global South cannot afford massive investments in new energy, especially when many countries are only at the start of their development journey.

Trying to force an unworkable, unaffordable transition plan on them will only threaten their economic progress and even social cohesion. And the hammer blow for the current plan is that it has not even been able to reduce demand for highly carbon intensive coal, let alone replace it, with the highest levels ever seen!

Because of these multiple deficiencies, the world is not on track to meet affordability, transition speed, or emissions reduction targets. So the world urgently needs a transition plan that works.

What could that re-set look like? To begin with, planners must stop assuming the world can replace its conventional energy needs with half-baked alternatives, almost overnight, particularly in the Global South.

This assumption is seriously discouraging investments in these crucial conventional sources. Let us be clear: all sources of energy will be required for decades to come. Planners must also abandon the belief that a single plan can meet the needs of more than 200 countries.

That assumption is like asking for a wi-fi password in a village without electricity! Each country should choose an energy mix that helps them meet their climate ambitions at a speed and manner that is right for them.

And those actual priorities, especially those of the Global South, must be the DNA of global transition if it is to succeed. In addition, the world must of course accelerate the development of new energy sources and lower carbon technologies that can one day compete on price and performance.

Consumers can then embrace lower carbon products without the mandates, subsidies, and tariffs that distort markets. But our main focus should be on the levers available now. This means also encouraging the essential investments in proven and reliable energy sources like oil and gas that developing nations need and can afford.

It also means prioritizing the reduction of greenhouse gas emissions associated with those conventional sources. For example, a shift from coal to renewables has certainly reduced CO2 emissions from US electricity generation. But the shift from coal to gas accounted for almost two-thirds of the reduction. And it means going after the low hanging fruit of more efficient energy use, a Circular Carbon Economy, and CCUS.

This ideology-free approach simply prioritizes systematic emissions reduction, where the impact is greater, at an acceptable cost, within reasonable timeframes, and whatever the source or technology.

It is what I call a multi-source, multi-speed, and multi-dimensional approach that addresses the actual security, affordability, and sustainability priorities of all countries, not just a few.

A Transition Plan 2.0, with Asia at its heart.

Ladies and Gentlemen, as energy consumers around the world are served an increasingly unrealistic and expensive transition, the less they like the taste. They hunger for something that connects their passion for the net-zero future we all want, with a reality we can all afford, and a relentless focus on what works.

This was Mr. Lee Kuan Yew's mindset, and I believe it could change mission impossible into mission possible.

Thank you.

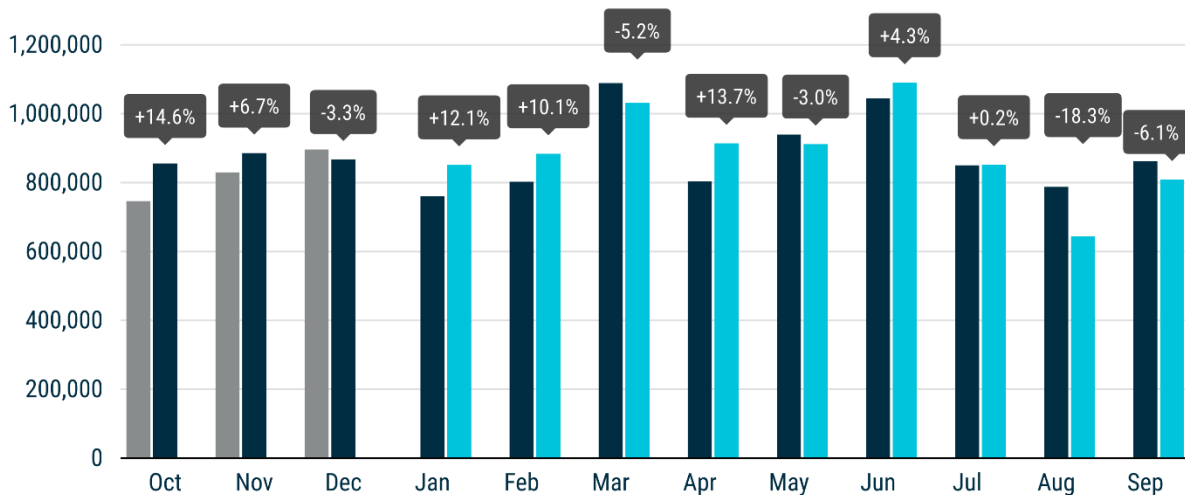
NEW CAR REGISTRATIONS, EUROPEAN UNION

EMBARGOED PRESS RELEASE
6.00 CEST (4.00 GMT), 22 October 2024

New car registrations: -6.1% in September 2024; year-to-date battery-electric market sales -5.8%

12-month trend

■ 2022 ■ 2023 ■ 2024



In **September 2024**, new EU car registrations continued their downward trajectory (-6.1%) with negative results across three of the region's four major markets: France (-11.1%) and Italy (-10.7%), with the German market declining by 7%. On the other hand, Spain experienced a healthy rebound (+6.3%).

Nine months into 2024, new car registrations remained stable (+0.6%) and almost reached 8 million units. Spain (+4.7%) and Italy (+2.1%) showed positive performances, while the French and the German car markets declined (-1.8% and -1%, respectively).

NEW EU CAR REGISTRATIONS BY POWER SOURCE

While battery-electric cars accounted for 17.3% of the EU car market in September, up from 14.8% last year, the year-to-date volumes dropped by 5.8% with the total market share falling

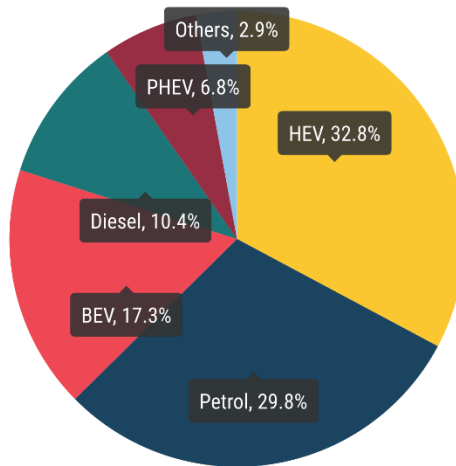
Data source: the European Automobile Manufacturers' Association (ACEA), based on aggregated data provided by national automobile associations, ACEA members and S&P Global Mobility.

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to 13.1% from 14% last year. Plug-in hybrid car registrations for September also declined by a sizeable 22.3%.

Hybrid electric (HEV) Petrol Battery electric (BEV) Diesel Plug-in hybrid electric (PHEV) Others

% SHARE



Electric cars

Registrations of battery-electric cars rose by 9.8% to 139,702 units in **September 2024**. However, year-to-date market volume was still 5.8% lower than the same period last year, with the total market share falling to 13.1% from 14%, driven by a substantial decrease in Germany (-28.6%).

Plug-in hybrid car registrations saw a decrease (-22.3%) last month, with declines recorded in all major markets. In September, plug-in hybrids accounted for 6.8% of the car market, down from 8.2% last year, with 54,889 units sold.

Hybrid-electric registrations grew in September, rising by 12.5%. The market share now stands at 32.8%, up from 27.4% in September 2023, surpassing petrol.

Petrol and diesel cars

In **September 2024**, petrol car sales dropped by 17.9%, with all four key markets recording double-digit declines: France (-31.9%), Italy (-23.3%), Germany (-15.2%), and Spain (-10.7%). Petrol cars now represent 29.8% of the market, down from 34% in the same month last year. The diesel car market saw a decline of 23.5%, resulting in a 10.4% share of the market last September. Overall, decreases were observed in two-thirds of EU markets.

NEW CAR REGISTRATIONS BY MARKET AND POWER SOURCE

MONTHLY

	BATTERY ELECTRIC			PLUG-IN HYBRID			HYBRID ELECTRIC ¹			OTHERS ²			PETROL			DIESEL			TOTAL		
	September 2024	September 2023	% change 24/23	September 2024	September 2023	% change 24/23	September 2024	September 2023	% change 24/23	September 2024	September 2023	% change 24/23	September 2024	September 2023	% change 24/23	September 2024	September 2023	% change 24/23	September 2024	September 2023	% change 24/23
Austria	4,421	4,256	+3.9	1,279	1,531	-16.5	5,078	4,469	+13.6	0	5	-100.0	6,106	5,976	+2.2	3,010	3,603	-16.5	19,894	19,840	+0.3
Belgium	12,142	9,146	+32.8	3,566	8,651	-58.8	2,875	2,792	+3.0	220	154	+42.9	11,775	15,166	-22.4	1,098	2,997	-63.4	31,676	38,906	-18.6
Bulgaria	103	159	-35.2	27	47	-42.6	86	68	+26.5	0	0		1,870	2,363	-20.9	436	328	+32.9	2,522	2,965	-14.9
Croatia	219	98	+123.5	105	112	-6.3	1,306	936	+39.5	90	146	-38.4	1,829	1,764	+3.7	648	678	-4.4	4,197	3,734	+12.4
Cyprus	200	99	+102.0	59	44	+34.1	498	642	-22.4	0	0		566	715	-20.8	18	25	-28.0	1,341	1,525	-12.1
Czechia	1,462	582	+151.2	318	372	-14.5	3,878	3,322	+16.7	260	245	+6.1	8,475	9,100	-6.9	3,849	3,587	+7.3	18,242	17,208	+6.0
Denmark	8,900	6,357	+40.0	611	1,282	-52.3	2,565	2,114	+21.3	0	0		2,738	4,634	-40.9	751	494	+52.0	15,565	14,881	+4.6
Estonia	107	141	-24.1	130	52	+150.0	1,000	742	+34.8	4	1	300.0	535	652	-17.9	349	145	+140.7	2,125	1,733	+22.6
Finland	1,841	3,002	-38.7	1,041	1,417	-26.5	942	1,741	-45.9	5	33	-84.8	617	985	-37.4	155	305	-49.2	4,601	7,483	-38.5
France	28,266	30,173	-6.3	10,077	15,699	-35.8	53,169	38,461	+38.2	3,381	5,785	-41.6	36,047	52,915	-31.9	8,062	13,270	-39.2	139,002	156,303	-11.1
Germany	34,479	31,714	+8.7	14,936	15,383	-2.9	60,497	57,795	+4.7	812	731	+11.1	67,009	78,979	-15.2	31,115	39,900	-22.0	208,848	224,502	-7.0
Greece	865	755	+14.6	734	1,090	-32.7	4,503	3,318	+35.7	472	348	+35.6	2,773	4,585	-39.5	314	1,305	-75.9	9,661	11,401	-15.3
Hungary	777	448	+73.4	219	448	-51.1	3,967	4,186	-5.2	25	29	-13.8	2,775	3,019	-8.1	1,311	992	+32.2	9,074	9,122	-0.5
Ireland	1,006	1,460	-31.1	669	690	-3.0	1,204	948	+27.0	0	0		1,140	1,449	-21.3	1,105	1,180	-6.4	5,124	5,727	-10.5
Italy	6,422	4,941	+30.0	4,102	5,422	-24.3	53,264	53,780	-1.0	11,302	11,006	+2.7	31,072	40,503	-23.3	15,563	20,703	-24.8	121,725	136,355	-10.7
Latvia	124	176	-29.5	96	31	+209.7	515	368	+39.9	33	19	+73.7	433	635	-31.8	208	196	+6.1	1,409	1,425	-1.1
Lithuania	187	181	+3.3	168	100	+68.0	1,300	973	+33.6	35	39	-10.3	522	744	-29.8	369	218	+69.3	2,581	2,255	+14.5
Luxembourg	1,116	1,009	+10.6	279	404	-30.9	853	853	+0.0	0	0		973	1,157	-15.9	399	456	-12.5	3,620	3,879	-6.7
Malta	152	126	+20.6	56	46	+21.7	106	67	+58.2	0	0		218	123	+77.2	49	12	+308.3	581	374	+55.3
Netherlands	12,461	10,332	+20.6	3,667	3,664	+0.1	8,603	7,803	+10.3	129	216	-40.3	6,120	7,500	-18.4	255	211	+20.9	31,235	29,726	+5.1
Poland	1,506	1,273	+18.3	1,014	943	+7.5	18,298	17,203	+6.4	1,136	810	+40.2	15,993	15,212	+5.1	3,514	3,637	-3.4	41,461	39,078	+6.1
Portugal	4,053	2,816	+43.9	2,192	2,454	-10.7	2,744	1,899	+44.5	1,242	1,252	-0.8	3,698	3,926	-5.8	1,124	1,730	-35.0	15,053	14,077	+6.9
Romania	501	1,147	-56.3	-	-		3,849	3,527	+9.1	1,003	1,188	-15.6	2,958	3,609	-18.0	664	1,074	-38.2	8,975	10,545	-14.9
Slovakia	164	229	-28.4	176	410	-57.1	2,065	1,893	+9.1	101	108	-6.5	3,156	3,272	-3.5	1,659	2,028	-18.2	7,321	7,940	-7.8
Slovenia	364	350	+4.0	112	109	+2.8	427	682	-37.4	171	42	+307.1	2,704	2,271	+19.1	683	597	+14.4	4,461	4,051	+10.1
Spain	6,329	3,726	+69.9	4,063	4,931	-17.6	29,905	23,580	+26.8	2,906	1,705	+70.4	23,484	26,287	-10.7	6,457	8,574	-24.7	73,144	68,803	+6.3
Sweden	11,535	12,500	-7.7	5,193	5,337	-2.7	2,227	1,945	+14.5	308	596	-48.3	5,219	5,602	-6.8	1,243	2,155	-42.3	25,725	28,135	-8.6
EUROPEAN UNION	139,702	127,196	+9.8	54,889	70,669	-22.3	265,724	236,107	+12.5	23,635	24,458	-3.4	240,805	293,143	-17.9	84,408	110,400	-23.5	809,163	861,973	-6.1
Iceland	299	751	-60.2	96	166	-42.2	93	113	-17.7	1	1	+0.0	22	45	-51.1	49	58	-15.5	560	1,134	-50.6
Norway	12,495	9,000	+38.8	146	617	-76.3	142	442	-67.9	0	0		48	93	-48.4	135	190	-28.9	12,966	10,342	+25.4
Switzerland	4,560	5,133	-11.2	1,704	2,086	-18.3	6,972	5,787	+20.5	4	1	+300.0	5,232	6,747	-22.5	1,683	1,824	-7.7	20,155	21,578	-6.6
EFTA	17,354	14,884	+16.6	1,946	2,869	-32.2	7,207	6,342	+13.6	5	2	+150.0	5,302	6,885	-23.0	1,867	2,072	-9.9	33,681	33,054	+1.9
United Kingdom	56,387	45,323	+24.4	24,486	18,535	+32.1	104,237	93,393	+11.6	0	0		83,100	105,463	-21.2	7,029	9,896	-29.0	275,239	272,610	+1.0
EU + EFTA + UK	213,443	187,403	+13.9	81,321	92,073	-11.7	377,168	335,842	+12.3	23,640	24,460	-3.4	329,207	405,491	-18.8	93,304	122,368	-23.8	1,118,083	1,167,637	-4.2

¹ Includes full and mild hybrids

² Includes fuel-cell electric vehicles, natural gas vehicles, LPG, E85/ethanol, and other fuels

NEW CAR REGISTRATIONS BY MARKET AND POWER SOURCE

YEAR TO DATE

	BATTERY ELECTRIC			PLUG-IN HYBRID			HYBRID ELECTRIC ¹			OTHERS ²			PETROL			DIESEL			TOTAL		
	Jan-Sep 2024	Jan-Sep 2023	% change 24/23	Jan-Sep 2024	Jan-Sep 2023	% change 24/23	Jan-Sep 2024	Jan-Sep 2023	% change 24/23	Jan-Sep 2024	Jan-Sep 2023	% change 24/23	Jan-Sep 2024	Jan-Sep 2023	% change 24/23	Jan-Sep 2024	Jan-Sep 2023	% change 24/23	Jan-Sep 2024	Jan-Sep 2023	% change 24/23
Austria	32,632	34,894	-6.5	12,491	13,085	-4.5	46,141	38,383	+20.2	13	20	-35.0	64,624	60,044	+7.6	35,122	36,460	-3.7	191,023	182,886	+4.4
Belgium	96,279	68,696	+40.2	57,059	76,660	-25.6	32,358	27,786	+16.5	2,659	2,862	-7.1	150,055	163,788	-8.4	18,158	35,056	-48.2	356,568	374,848	-4.9
Bulgaria	1,249	1,402	-10.9	361	251	+43.8	721	521	+38.4	0	1	-100.0	24,368	20,779	+17.3	5,694	4,411	+29.1	32,393	27,365	+18.4
Croatia	1,483	1,295	+14.5	1,038	729	+42.4	13,461	10,169	+32.4	1,011	1,314	-23.1	25,502	23,874	+6.8	10,253	9,720	+5.5	52,748	47,101	+12.0
Cyprus	852	557	+53.0	500	347	+44.1	5,286	4,259	+24.1	0	0		5,373	6,056	-11.3	293	369	-20.6	12,304	11,588	+6.2
Czechia	7,225	4,652	+55.3	3,717	3,785	-1.8	36,692	29,402	+24.8	3,410	2,903	+17.5	82,591	88,265	-6.4	38,362	38,555	-0.5	171,997	167,562	+2.6
Denmark	60,845	40,797	+49.1	5,258	12,865	-59.1	22,778	22,726	+0.2	0	1	-100.0	32,236	41,773	-22.8	5,181	5,818	-10.9	126,298	123,980	+1.9
Estonia	982	1,028	-4.5	724	423	+71.2	7,091	6,760	+4.9	128	47	+172.3	4,396	7,071	-37.8	2,506	2,125	+17.9	15,827	17,454	-9.3
Finland	15,643	22,817	-31.4	11,148	13,649	-18.3	17,705	17,973	-1.5	146	389	-62.5	8,109	10,534	-23.0	2,749	3,216	-14.5	55,500	68,578	-19.1
France	216,841	204,616	+6.0	99,100	116,446	-14.9	412,705	303,617	+35.9	47,196	52,063	-9.3	394,264	482,010	-18.2	95,796	129,872	-26.2	1,265,902	1,288,624	-1.8
Germany	276,390	387,289	-28.6	132,861	123,345	+7.7	545,301	490,855	+11.1	10,975	11,364	-3.4	770,999	750,386	+2.7	379,548	374,827	+1.3	2,116,074	2,138,066	-1.0
Greece	5,602	4,943	+13.3	6,063	6,031	+0.5	44,558	31,249	+42.6	2,000	2,839	-29.6	41,237	45,105	-8.6	8,575	14,343	-40.2	108,035	104,510	+3.4
Hungary	6,530	4,197	+55.6	4,299	4,257	+1.0	40,311	33,302	+21.0	135	464	-70.9	26,919	30,680	-12.3	10,858	10,113	+7.4	89,052	83,013	+7.3
Ireland	16,128	21,726	-25.8	11,765	9,988	+17.8	26,077	24,443	+6.7	0	0		36,335	36,186	+0.4	26,943	26,583	+1.4	117,248	118,926	-1.4
Italy	48,217	45,761	+5.4	39,902	52,626	-24.2	474,282	420,445	+12.8	114,209	106,646	+7.1	356,672	335,512	+6.3	169,165	216,350	-21.8	1,202,447	1,177,340	+2.1
Latvia	935	1,455	-35.7	460	278	+65.5	4,689	4,290	+9.3	276	265	+4.2	4,710	6,374	-26.1	2,015	2,392	-15.8	13,085	15,054	-13.1
Lithuania	1,302	1,528	-14.8	1,094	791	+38.3	10,188	8,216	+24.0	398	338	+17.8	6,430	8,095	-20.6	2,757	2,645	+4.2	22,169	21,613	+2.6
Luxembourg	9,681	8,123	+19.2	2,908	3,691	-21.2	7,773	7,274	+6.9	0	0		10,955	12,950	-15.4	4,600	5,963	-22.9	35,917	38,001	-5.5
Malta	1,750	955	+83.2	427	758	-43.7	1,116	1,226	-9.0	0	1	-100.0	2,357	2,159	+9.2	288	455	-36.7	5,938	5,554	+6.9
Netherlands	90,451	84,959	+6.5	39,255	38,136	+2.9	82,259	67,955	+21.0	1,645	1,599	+2.9	63,120	90,821	-30.5	3,153	3,179	-0.8	279,883	286,649	-2.4
Poland	12,497	12,158	+2.8	10,272	9,642	+6.5	183,014	135,244	+35.3	10,679	8,960	+19.2	147,713	150,267	-1.7	34,456	34,046	+1.2	398,631	350,317	+13.8
Portugal	29,068	25,655	+13.3	20,586	19,360	+6.3	26,063	22,947	+13.6	11,472	7,875	+45.7	56,868	58,323	-2.5	13,785	19,196	-28.2	157,842	153,356	+2.9
Romania	7,378	11,759	-37.3	-	-		43,237	32,597	+32.6	11,825	14,303	-17.3	37,841	39,460	-4.1	15,228	12,592	+20.9	115,509	110,711	+4.3
Slovakia	1,729	1,667	+3.7	1,571	2,284	-31.2	20,096	18,042	+11.4	1,283	1,389	-7.6	31,917	32,845	-2.8	11,696	12,658	-7.6	68,292	68,885	-0.9
Slovenia	2,341	3,175	-26.3	859	912	-5.8	4,213	5,634	-25.2	675	434	+55.5	25,253	21,526	+17.3	7,664	6,696	+14.5	41,005	38,377	+6.8
Spain	37,994	34,607	+9.8	42,231	45,120	-6.4	276,867	220,669	+25.5	23,616	17,220	+37.1	289,049	301,581	-4.2	74,941	92,186	-18.7	744,698	711,383	+4.7
Sweden	65,845	81,214	-18.9	44,217	42,907	+3.1	19,550	16,832	+16.1	4,342	4,943	-12.2	44,916	45,944	-2.2	14,521	18,123	-19.9	193,391	209,963	-7.9
EUROPEAN UNION	1,047,869	1,111,925	-5.8	550,166	598,366	-8.1	2,404,532	2,002,816	+20.1	248,093	238,240	+4.1	2,744,809	2,872,408	-4.4	994,307	1,117,949	-11.1	7,989,776	7,941,704	+0.6
Iceland	1,697	5,813	-70.8	1,424	1,507	-5.5	1,907	2,694	-29.2	1	3	-66.7	1,489	1,581	-5.8	1,693	2,237	-24.3	8,211	13,835	-40.7
Norway	80,926	79,673	+1.6	2,564	6,642	-61.4	5,404	5,684	-4.9	9	2	+350.0	785	1,164	-32.6	2,106	2,332	-9.7	91,794	95,497	-3.9
Switzerland	32,802	36,235	-9.5	15,118	16,211	-6.7	57,455	49,791	+15.4	19	63	-69.8	53,145	63,167	-15.9	17,191	17,439	-1.4	175,730	182,906	-3.9
EFTA	115,425	121,721	-5.2	19,106	24,360	-21.6	64,766	58,169	+11.3	29	68	-57.4	55,419	65,912	-15.9	20,990	22,008	-4.6	275,735	292,238	-5.6
United Kingdom	269,931	238,544	+13.2	124,943	98,993	+26.2	538,935	461,739	+16.7	0	0		537,037	595,946	-9.9	43,248	56,686	-23.7	1,514,094	1,451,908	+4.3
EU + EFTA + UK	1,433,225	1,472,190	-2.6	694,215	721,719	-3.8	3,008,233	2,522,724	+19.2	248,122	238,308	+4.1	3,337,265	3,534,266	-5.6	1,058,545	1,196,643	-11.5	9,779,605	9,685,850	+1.0

¹ Includes full and mild hybrids

² Includes fuel-cell electric vehicles, natural gas vehicles, LPG, E85/ethanol, and other fuels

NEW CAR REGISTRATIONS BY MANUFACTURER

EUROPEAN UNION (EU)

	SEPTEMBER					JANUARY-SEPTEMBER				
	% share ¹		Units		% change	% share ¹		Units		% change
	2024	2023	2024	2023	24/23	2024	2023	2024	2023	24/23
Volkswagen Group	26.8	25.0	216,577	215,900	+0.3	26.4	26.2	2,110,036	2,084,495	+1.2
Volkswagen	11.0	10.5	88,797	90,302	-1.7	10.9	11.1	867,989	878,298	-1.2
Skoda	6.9	5.5	55,749	47,513	+17.3	6.0	5.4	478,883	431,792	+10.9
Audi	4.9	5.1	39,502	43,701	-9.6	4.9	5.4	392,349	431,368	-9.0
Seat	1.8	1.7	14,590	14,542	+0.3	2.2	2.0	174,104	162,744	+7.0
Cupra	1.5	1.7	12,305	14,439	-14.8	1.7	1.5	132,268	122,082	+8.3
Porsche	0.7	0.6	5,308	5,022	+5.7	0.7	0.7	59,792	53,186	+12.4
Others ²	0.0	0.0	326	381	-14.4	0.1	0.1	4,651	5,025	-7.4
Stellantis	14.9	19.2	120,582	165,320	-27.1	17.2	18.4	1,375,156	1,460,640	-5.9
Peugeot	5.6	5.5	44,922	47,097	-4.6	5.4	5.7	428,828	449,080	-4.5
Citroen	2.2	3.8	17,841	32,786	-45.6	3.3	3.3	261,707	259,562	+0.8
Opel/Vauxhall	3.0	3.6	24,230	31,083	-22.0	3.3	3.5	260,717	274,235	-4.9
Fiat ³	2.1	3.6	17,222	31,427	-45.2	3.0	3.5	239,011	275,657	-13.3
Jeep	1.2	1.3	9,337	11,098	-15.9	1.1	1.1	91,853	90,270	+1.8
Alfa Romeo	0.4	0.4	3,003	3,674	-18.3	0.4	0.4	31,171	35,573	-12.4
Lancia/Chrysler	0.1	0.4	1,080	3,801	-71.6	0.4	0.4	30,144	33,598	-10.3
DS	0.3	0.4	2,604	3,757	-30.7	0.3	0.5	27,852	36,729	-24.2
Others ⁴	0.0	0.1	343	597	-42.5	0.0	0.1	3,873	5,936	-34.8
Renault Group	10.9	10.4	88,149	89,477	-1.5	10.7	10.8	858,240	859,743	-0.2
Renault	6.4	5.9	52,108	50,546	+3.1	5.7	5.9	458,011	466,966	-1.9
Dacia	4.4	4.5	35,874	38,724	-7.4	5.0	4.9	397,500	390,470	+1.8
Alpine	0.0	0.0	167	207	-19.3	0.0	0.0	2,729	2,307	+18.3
Hyundai Group	7.8	8.2	62,807	70,858	-11.4	8.0	8.5	637,851	672,072	-5.1
Hyundai	3.8	3.7	30,622	31,726	-3.5	4.1	4.1	323,989	323,040	+0.3
Kia	4.0	4.5	32,185	39,132	-17.8	3.9	4.4	313,862	349,032	-10.1
Toyota Group	7.8	6.9	62,879	59,854	+5.1	7.9	6.9	634,159	544,785	+16.4
Toyota	7.1	6.5	57,837	56,144	+3.0	7.4	6.5	592,815	513,875	+15.4
Lexus	0.6	0.4	5,042	3,710	+35.9	0.5	0.4	41,344	30,910	+33.8
BMW Group	7.6	6.6	61,468	57,102	+7.6	6.6	6.6	528,343	525,468	+0.5
BMW	6.2	5.5	49,937	47,131	+6.0	5.7	5.4	456,971	427,266	+7.0
Mini	1.4	1.2	11,531	9,971	+15.6	0.9	1.2	71,372	98,202	-27.3
Mercedes-Benz	6.1	6.1	48,972	52,834	-7.3	5.2	5.4	413,995	429,511	-3.6
Mercedes	6.0	5.9	48,932	51,187	-4.4	5.0	5.2	403,035	409,926	-1.7
Smart	0.0	0.2	40	1,647	-97.6	0.1	0.2	10,960	19,585	-44.0
Ford	3.2	3.3	25,989	28,806	-9.8	3.0	3.5	236,081	278,581	-15.3
Volvo Cars	2.3	1.9	18,994	16,365	+16.1	2.7	2.0	216,650	155,930	+38.9
Tesla	3.9	2.8	31,555	24,060	+31.2	2.4	2.6	187,932	203,423	-7.6
Nissan	1.6	1.9	12,834	16,095	-20.3	1.9	1.8	152,776	145,184	+5.2
Suzuki	1.7	1.8	13,846	15,648	-11.5	1.7	1.4	138,026	115,012	+20.0
SAIC Motor	1.3	1.6	10,322	13,870	-25.6	1.4	1.3	115,349	101,006	+14.2
Mazda	1.3	1.6	10,534	13,859	-24.0	1.3	1.4	104,269	109,279	-4.6
Jaguar Land Rover Group	0.5	0.7	4,417	6,377	-30.7	0.6	0.7	48,378	52,621	-8.1
Land Rover	0.5	0.6	4,092	5,335	-23.3	0.5	0.6	43,847	44,581	-1.6
Jaguar	0.0	0.1	325	1,042	-68.8	0.1	0.1	4,531	8,040	-43.6
Mitsubishi	0.4	0.4	3,178	3,688	-13.8	0.6	0.4	45,399	28,462	+59.5
Honda	0.4	0.5	3,188	3,937	-19.0	0.4	0.3	30,427	22,782	+33.6

¹ ACEA estimation based on total by market

² Bentley, Bugatti, Lamborghini, and MAN

³ Includes Abarth

⁴ Dodge, Maserati, and RAM

NEW CAR REGISTRATIONS BY MANUFACTURER

EU + EFTA + UK

	SEPTEMBER					JANUARY-SEPTEMBER				
	% share ¹		Units		% change	% share ¹		Units		% change
	2024	2023	2024	2023		2024	2023	2024	2023	
Volkswagen Group	25.8	24.5	288,459	285,529	+1.0	26.0	25.9	2,541,640	2,512,433	+1.2
Volkswagen	10.3	9.9	114,676	115,740	-0.9	10.5	10.7	1,022,922	1,031,585	-0.8
Skoda	6.3	5.0	70,149	58,747	+19.4	5.7	5.2	561,009	508,333	+10.4
Audi	5.2	5.5	58,672	64,290	-8.7	5.2	5.7	505,364	552,483	-8.5
Seat	1.7	1.6	19,361	19,168	+1.0	2.1	2.0	209,317	191,752	+9.2
Cupra	1.6	1.6	17,482	19,067	-8.3	1.6	1.5	159,405	146,191	+9.0
Porsche	0.7	0.7	7,612	7,875	-3.3	0.8	0.8	77,249	75,004	+3.0
Others ²	0.0	0.1	507	642	-21.0	0.1	0.1	6,374	7,085	-10.0
Stellantis	13.3	17.2	148,306	200,389	-26.0	15.9	17.0	1,550,437	1,649,889	-6.0
Peugeot	4.8	4.9	54,066	57,100	-5.3	5.0	5.2	485,037	501,915	-3.4
Opel/Vauxhall	3.0	3.9	33,949	45,363	-25.2	3.3	3.7	327,369	355,022	-7.8
Citroen	2.0	3.3	22,046	38,029	-42.0	2.9	3.0	287,357	286,422	+0.3
Fiat ³	1.8	3.0	19,825	35,213	-43.7	2.6	3.0	254,499	293,789	-13.4
Jeep	1.0	1.0	10,795	11,980	-9.9	1.0	1.0	99,319	94,696	+4.9
Alfa Romeo	0.3	0.3	3,268	4,058	-19.5	0.3	0.4	33,050	37,984	-13.0
Lancia/Chrysler	0.1	0.3	1,081	3,803	-71.6	0.3	0.3	30,146	33,606	-10.3
DS	0.3	0.4	2,840	4,118	-31.0	0.3	0.4	29,069	39,324	-26.1
Others ⁴	0.0	0.1	436	725	-39.9	0.0	0.1	4,591	7,131	-35.6
Renault Group	9.0	8.8	100,613	102,407	-1.8	9.6	9.6	938,173	925,268	+1.4
Renault	5.4	5.1	60,589	59,350	+2.1	5.2	5.2	508,025	503,939	+0.8
Dacia	3.6	3.7	39,808	42,803	-7.0	4.4	4.3	427,032	418,678	+2.0
Alpine	0.0	0.0	216	254	-15.0	0.0	0.0	3,116	2,651	+17.5
Hyundai Group	8.7	8.8	97,337	102,318	-4.9	8.4	8.8	821,925	850,824	-3.4
Kia	4.5	4.9	50,493	56,919	-11.3	4.2	4.6	413,327	447,879	-7.7
Hyundai	4.2	3.9	46,844	45,399	+3.2	4.2	4.2	408,598	402,945	+1.4
Toyota Group	7.6	7.0	84,933	81,956	+3.6	7.7	6.9	749,406	667,153	+12.3
Toyota	6.8	6.4	76,539	74,691	+2.5	7.1	6.4	693,567	622,716	+11.4
Lexus	0.8	0.6	8,394	7,265	+15.5	0.6	0.5	55,839	44,437	+25.7
BMW Group	7.3	6.7	81,909	77,935	+5.1	6.9	6.8	678,943	659,773	+2.9
BMW	5.8	5.3	65,110	61,987	+5.0	5.9	5.4	574,919	525,261	+9.5
Mini	1.5	1.4	16,799	15,948	+5.3	1.1	1.4	104,024	134,512	-22.7
Mercedes-Benz	6.0	6.0	67,561	69,593	-2.9	5.2	5.3	509,365	516,060	-1.3
Mercedes	6.0	5.8	67,521	67,846	-0.5	5.1	5.1	497,888	495,912	+0.4
Smart	0.0	0.1	40	1,747	-97.7	0.1	0.2	11,477	20,148	-43.0
Ford	3.8	4.3	42,238	50,413	-16.2	3.3	4.1	326,975	398,449	-17.9
Volvo Cars	2.7	2.1	30,106	24,238	+24.2	2.9	2.1	281,274	205,334	+37.0
Tesla	4.0	2.9	44,519	34,310	+29.8	2.5	2.8	249,337	273,197	-8.7
Nissan	2.6	2.8	28,555	32,571	-12.3	2.5	2.3	239,693	220,933	+8.5
SAIC Motor	1.7	2.3	19,381	26,916	-28.0	1.9	1.7	182,543	165,324	+10.4
Suzuki	1.6	1.8	18,087	20,654	-12.4	1.7	1.4	163,426	140,033	+16.7
Mazda	1.5	1.7	16,894	19,870	-15.0	1.3	1.4	131,902	138,694	-4.9
Jaguar Land Rover Group	1.4	1.3	16,177	15,467	+4.6	1.2	1.1	118,675	108,827	+9.0
Land Rover	1.3	1.1	14,002	12,393	+13.0	1.0	0.9	99,802	90,332	+10.5
Jaguar	0.2	0.3	2,175	3,074	-29.2	0.2	0.2	18,873	18,495	+2.0
Honda	0.8	0.6	8,508	7,450	+14.2	0.6	0.5	60,489	44,819	+35.0
Mitsubishi	0.3	0.3	3,414	3,929	-13.1	0.5	0.3	47,444	30,013	+58.1

¹ ACEA estimation based on total by market

² Bentley, Bugatti, Lamborghini, and MAN

³ Includes Abarth

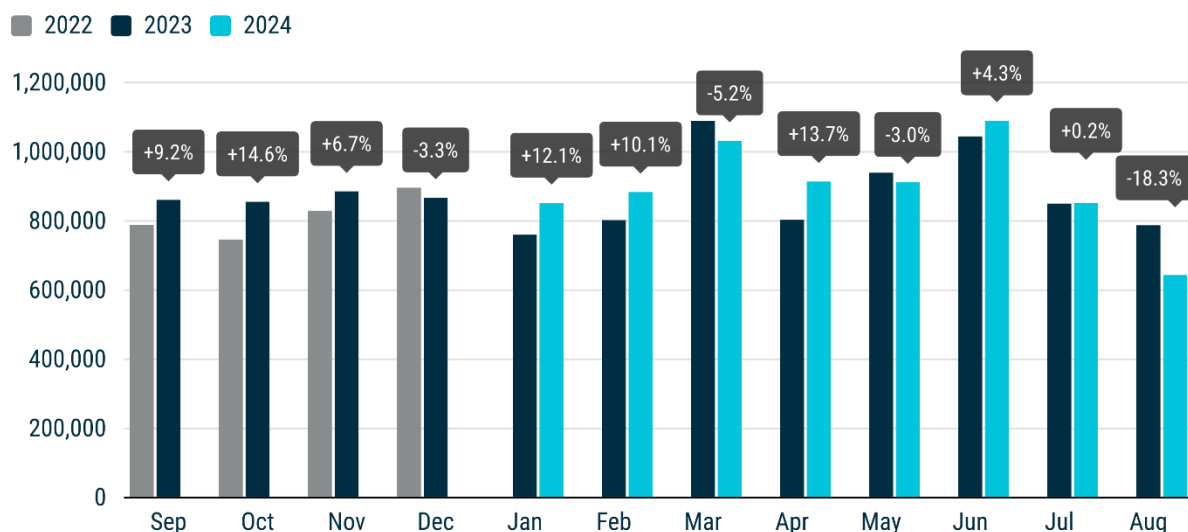
⁴ Dodge, Maserati, and RAM

NEW CAR REGISTRATIONS, EUROPEAN UNION

EMBARGOED PRESS RELEASE

6.00 CEST (4.00 GMT), 19 September 2024

New car registrations: -18.3% in August 2024; BEV market share down by almost one third



In **August 2024**, new EU car registrations saw a sharp decrease (-18.3%) with negative results across the region's four major markets: double-digit losses were witnessed in Germany (-27.8%), France (-24.3%), and Italy (-13.4%), with the Spanish market declining by 6.5%.

Eight months into 2024, new car registrations increased by 1.4%, almost reaching 7.2 million units. Spain (+4.5%) and Italy (+3.8%) showed positive but modest performance. On the other hand, the French and the German markets saw their results stagnate (-0.5% and -0.3% respectively).

NEW EU CAR REGISTRATIONS BY POWER SOURCE

In **August**, battery-electric cars accounted for 14.4% of the EU car market, down from 21% the previous year. This represents the fourth consecutive month of decline this year, contrasting sharply with the almost consistent month-on-month increases last year. Plug-in

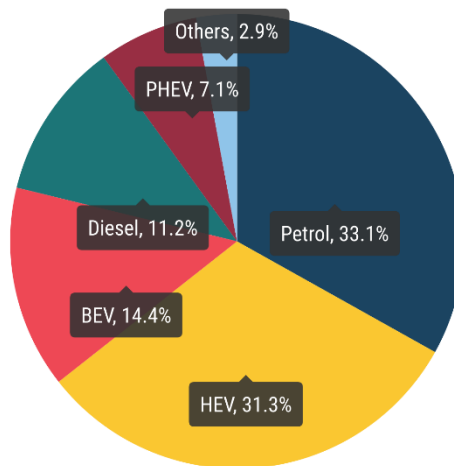
Data source: the European Automobile Manufacturers' Association (ACEA), based on aggregated data provided by national automobile associations, ACEA members and S&P Global Mobility.

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hybrid car registrations were also marked by a sizeable 22.3% decline. The combined share of petrol and diesel cars also dropped slightly to 44.3%, down from 45.1%.

■ Petrol ■ Hybrid electric (HEV) ■ Battery electric (BEV) ■ Diesel ■ Plug-in hybrid electric (PHEV) ■ Others

% SHARE



Electric cars

In **August 2024**, registrations of battery-electric (BEV) cars dropped by 43.9% to 92,627 units (compared to 165,204 the same period last year), with their total market share slipping to 14.4% from 21% a year before. This was driven by the spectacular drop in the two biggest markets for BEV cars: Germany (-68.8%) and France (-33.1%). From January to August, 902,011 new battery-electric cars were registered, representing 12.6% of the market.

Plug-in hybrid car registrations saw a decrease (-22.3%) last month, with declines recorded in all their major markets. In August, plug-in hybrids accounted for 7.1% of the total car market, down from 7.4% last year, with 45,590 units sold.

Hybrid-electric vehicles are the only vehicle type that saw growth in August, with car registrations rising by 6.6% to 201,552 units. Three of the four largest markets for this segment recorded gains: Spain (+12.6%), France (+12.5%), and Italy (+2.5%), while Germany (-0.1%) remained stable. The hybrid-electric market share reached 31.3%, up from 24% in August 2023.

Petrol and diesel cars

In **August 2024**, petrol car sales dropped by 17.1%, all four key markets recording significant declines: France (-36.6%), Italy (-18.8%), Spain (-17.4%), and Germany (-7.4%). Petrol cars now represent 33.1% of the market, down from 32.6% in August last year.

The diesel car market saw a decline of 26.4%, resulting in a 11.2% share of the market last August. Double-digit decreases were observed in almost all European markets.

NEW CAR REGISTRATIONS BY MARKET AND POWER SOURCE

MONTHLY

	BATTERY ELECTRIC			PLUG-IN HYBRID			HYBRID ELECTRIC ¹			OTHERS ²			PETROL			DIESEL			TOTAL		
	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23
Austria	3,100	3,945	-21.4	1,111	1,442	-23.0	4,744	4,036	+17.5	0	1	-100.0	5,735	5,545	+3.4	2,425	3,821	-36.5	17,115	18,790	-8.9
Belgium	10,027	9,241	+8.5	3,723	8,639	-56.9	2,510	2,562	-2.0	195	151	+29.1	11,533	13,647	-15.5	1,345	2,558	-47.4	29,333	36,798	-20.3
Bulgaria	94	151	-37.7	46	50	-8.0	90	81	+11.1	0	11	-100.0	2,128	2,678	-20.5	580	446	+30.0	2,938	3,417	-14.0
Croatia	204	147	+38.8	82	48	+70.8	969	888	+9.1	71	134	-47.0	1,470	1,545	-4.9	545	740	-26.4	3,341	3,502	-4.6
Cyprus	77	41	+87.8	36	26	+38.5	280	246	+13.8	0	0		408	407	+0.2	11	16	-31.3	812	736	+10.3
Czechia	779	595	+30.9	348	509	-31.6	3,915	3,815	+2.6	374	254	+47.2	7,911	9,883	-20.0	3,757	3,662	+2.6	17,084	18,718	-8.7
Denmark	7,050	4,772	+47.7	438	1,236	-64.6	1,760	2,023	-13.0	0	0		3,085	4,807	-35.8	521	713	-26.9	12,854	13,551	-5.1
Estonia	104	124	-16.1	110	52	+111.5	775	772	+0.4	8	3	166.7	449	621	-27.7	235	196	+19.9	1,681	1,768	-4.9
Finland	1,893	2,812	-32.7	1,341	1,768	-24.2	1,860	1,797	+3.5	6	31	-80.6	1,157	1,030	+12.3	291	385	-24.4	6,548	7,823	-16.3
France	13,143	19,657	-33.1	6,164	9,527	-35.3	30,559	27,166	+12.5	3,149	4,290	-26.6	27,093	42,743	-36.6	5,869	10,216	-42.6	85,977	113,599	-24.3
Germany	27,024	86,649	-68.8	13,565	14,552	-6.8	55,779	55,844	-0.1	973	1,106	-12.0	70,007	75,598	-7.4	29,974	39,668	-24.4	197,322	273,417	-27.8
Greece	514	403	+27.5	484	636	-23.9	3,948	3,684	+7.2	211	229	-7.9	2,648	4,071	-35.0	344	1,345	-74.4	8,149	10,368	-21.4
Hungary	518	476	+8.8	737	512	+43.9	3,818	3,813	+0.1	18	26	-30.8	2,065	3,087	-33.1	955	1,041	-8.3	8,111	8,955	-9.4
Ireland	1,256	1,782	-29.5	689	1,020	-32.5	1,925	1,273	+51.2	0	0		1,772	2,065	-13.8	1,902	2,131	-10.7	7,544	8,261	-8.7
Italy	2,399	4,059	-40.9	2,592	3,290	-21.2	27,943	27,272	+2.5	7,289	7,911	-7.9	19,533	24,053	-18.8	9,405	13,244	-29.0	69,161	79,829	-13.4
Latvia	114	151	-24.5	57	23	+147.8	476	528	-9.8	23	19	+21.1	507	652	-22.2	231	262	-11.8	1,408	1,635	-13.9
Lithuania	105	151	-30.5	113	79	+43.0	1,009	889	+13.5	54	27	+100.0	518	799	-35.2	299	307	-2.6	2,098	2,252	-6.8
Luxembourg	873	924	-5.5	250	347	-28.0	729	666	+9.5	0	0		762	1,005	-24.2	297	472	-37.1	2,911	3,414	-14.7
Malta	150	125	+20.0	33	75	-56.0	109	114	-4.4	0	0		314	258	+21.7	13	15	-13.3	619	587	+5.5
Netherlands	9,418	9,147	+3.0	3,869	3,495	+10.7	8,274	6,819	+21.3	171	185	-7.6	5,630	7,786	-27.7	261	290	-10.0	27,623	27,722	-0.4
Poland	979	1,235	-20.7	866	872	-0.7	17,091	15,705	+8.8	1,087	805	+35.0	14,065	14,429	-2.5	2,983	3,131	-4.7	37,071	36,177	+2.5
Portugal	2,484	3,068	-19.0	1,816	2,191	-17.1	2,287	1,692	+35.2	976	752	+29.8	3,292	3,883	-15.2	967	1,464	-33.9	11,822	13,050	-9.4
Romania	494	1,608	-69.3	-	-		4,670	4,106	+13.7	1,035	1,450	-28.6	2,894	4,237	-31.7	879	1,490	-41.0	9,972	12,891	-22.6
Slovakia	159	189	-15.9	156	280	-44.3	2,018	2,098	-3.8	129	145	-11.0	3,649	3,420	+6.7	996	1,355	-26.5	7,107	7,487	-5.1
Slovenia	183	385	-52.5	91	73	+24.7	432	449	-3.8	192	30	+540.0	2,130	1,751	+21.6	650	552	+17.8	3,678	3,240	+13.5
Spain	2,696	3,583	-24.8	3,010	3,362	-10.5	21,261	18,885	+12.6	2,442	1,584	+54.2	18,050	21,864	-17.4	4,863	6,676	-27.2	52,322	55,954	-6.5
Sweden	6,790	9,784	-30.6	3,863	4,556	-15.2	2,321	1,891	+22.7	231	543	-57.5	4,252	5,285	-19.5	1,579	1,812	-12.9	19,036	23,871	-20.3
EUROPEAN UNION	92,627	165,204	-43.9	45,590	58,660	-22.3	201,552	189,114	+6.6	18,634	19,687	-5.3	213,057	257,139	-17.1	72,177	98,008	-26.4	643,637	787,812	-18.3
Iceland	192	700	-72.6	92	121	-24.0	98	130	-24.6	0	0		37	81	-54.3	45	133	-66.2	464	1,165	-60.2
Norway	10,480	9,250	+13.3	161	724	-77.8	249	675	-63.1	0	0		59	122	-51.6	165	312	-47.1	11,114	11,083	+0.3
Switzerland	3,421	4,289	-20.2	1,231	1,715	-28.2	5,604	5,165	+8.5	0	1	-100.0	4,261	6,038	-29.4	1,410	1,769	-20.3	15,927	18,977	-16.1
EFTA	14,093	14,239	-1.0	1,484	2,560	-42.0	5,951	5,970	-0.3	0	1	-100.0	4,357	6,241	-30.2	1,620	2,214	-26.8	27,505	31,225	-11.9
United Kingdom	19,113	17,243	+10.8	5,786	6,601	-12.3	29,076	23,410	+24.2	0	0		27,894	34,756	-19.7	2,706	3,647	-25.8	84,575	85,657	-1.3
EU + EFTA + UK	125,833	196,686	-36.0	52,860	67,821	-22.1	236,579	218,494	+8.3	18,634	19,688	-5.4	245,308	298,136	-17.7	76,503	103,869	-26.3	755,717	904,694	-16.5

¹ Includes full and mild hybrids

² Includes fuel-cell electric vehicles, natural gas vehicles, LPG, E85/ethanol, and other fuels

NEW CAR REGISTRATIONS BY MARKET AND POWER SOURCE

YEAR TO DATE

	BATTERY ELECTRIC			PLUG-IN HYBRID			HYBRID ELECTRIC ¹			OTHERS ²			PETROL			DIESEL			TOTAL		
	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23
Austria	28,211	30,638	-7.9	11,212	11,554	-3.0	41,063	33,914	+21.1	13	15	-13.3	58,518	54,068	+8.2	32,112	32,857	-2.3	171,129	163,046	+5.0
Belgium	84,137	59,550	+41.3	53,492	68,009	-21.3	29,498	24,994	+18.0	2,439	2,708	-9.9	138,271	148,622	-7.0	17,055	32,059	-46.8	324,892	335,942	-3.3
Bulgaria	1,012	1,162	-12.9	334	204	+63.7	635	453	+40.2	52	46	+13.0	22,903	18,505	+23.8	4,947	4,030	+22.8	29,883	24,400	+22.5
Croatia	1,264	1,197	+5.6	933	617	+51.2	12,155	9,233	+31.6	921	1,168	-21.1	23,673	22,110	+7.1	9,605	9,042	+6.2	48,551	43,367	+12.0
Cyprus	652	458	+42.4	441	303	+45.5	4,788	3,617	+32.4	0	0		4,807	5,341	-10.0	275	344	-20.1	10,963	10,063	+8.9
Czechia	5,763	4,070	+41.6	3,399	3,413	-0.4	32,814	26,080	+25.8	3,150	2,659	+18.5	74,120	79,121	-6.3	34,509	35,011	-1.4	153,755	150,354	+2.3
Denmark	51,945	34,440	+50.8	4,647	11,583	-59.9	20,213	20,612	-1.9	0	1	-100.0	29,498	37,139	-20.6	4,430	5,324	-16.8	110,733	109,099	+1.5
Estonia	875	887	-1.4	594	371	+60.1	6,091	6,018	+1.2	124	46	+169.6	3,861	6,419	-39.9	2,157	1,980	+8.9	13,702	15,721	-12.8
Finland	13,802	19,815	-30.3	10,107	12,232	-17.4	16,763	16,232	+3.3	141	356	-60.4	7,492	9,549	-21.5	2,594	2,911	-10.9	50,899	61,095	-16.7
France	188,575	174,443	+8.1	89,023	100,747	-11.6	359,536	265,156	+35.6	43,815	46,278	-5.3	358,217	429,095	-16.5	87,734	116,602	-24.8	1,126,900	1,132,321	-0.5
Germany	241,911	355,575	-32.0	117,925	107,962	+9.2	484,804	433,060	+11.9	10,163	10,633	-4.4	703,990	671,407	+4.9	348,433	334,927	+4.0	1,907,226	1,913,564	-0.3
Greece	4,737	4,188	+13.1	5,329	4,941	+7.9	40,055	27,931	+43.4	1,528	2,491	-38.7	38,464	40,520	-5.1	8,261	13,038	-36.6	98,374	93,109	+5.7
Hungary	5,753	3,749	+53.5	4,080	3,809	+7.1	36,345	29,116	+24.8	110	435	-74.7	24,144	27,661	-12.7	9,544	9,121	+4.6	79,976	73,891	+8.2
Ireland	15,122	20,266	-25.4	11,096	9,298	+19.3	24,871	23,495	+5.9	0	0		35,195	34,737	+1.3	25,856	25,403	+1.8	112,140	113,199	-0.9
Italy	35,785	40,820	-12.3	41,799	47,204	-11.5	421,013	366,665	+14.8	102,896	95,640	+7.6	325,638	295,009	+10.4	153,595	195,647	-21.5	1,080,726	1,040,985	+3.8
Latvia	805	1,279	-37.1	364	247	+47.4	4,052	3,922	+3.3	243	246	-1.2	4,257	5,739	-25.8	1,806	2,196	-17.8	11,527	13,629	-15.4
Lithuania	1,115	1,347	-17.2	926	691	+34.0	8,888	7,243	+22.7	363	299	+21.4	5,908	7,351	-19.6	2,388	2,427	-1.6	19,588	19,358	+1.2
Luxembourg	8,565	7,114	+20.4	2,629	3,287	-20.0	6,920	6,421	+7.8	0	0		9,982	11,793	-15.4	4,201	5,507	-23.7	32,297	34,122	-5.3
Malta	1,598	829	+92.8	371	712	-47.9	1,010	1,159	-12.9	0	1	-100.0	2,139	2,036	+5.1	239	443	-46.0	5,357	5,180	+3.4
Netherlands	77,990	74,627	+4.5	35,588	34,472	+3.2	73,656	60,152	+22.4	1,516	1,383	+9.6	57,000	83,321	-31.6	2,898	2,968	-2.4	248,648	256,923	-3.2
Poland	10,991	10,885	+1.0	9,257	8,699	+6.4	164,715	118,041	+39.5	9,543	8,150	+17.1	131,722	135,055	-2.5	30,942	30,409	+1.8	357,170	311,239	+14.8
Portugal	25,015	22,839	+9.5	18,394	16,906	+8.8	23,319	21,048	+10.8	10,230	6,623	+54.5	53,170	54,397	-2.3	12,661	17,466	-27.5	142,789	139,279	+2.5
Romania	6,877	9,682	-29.0	-	-		39,388	28,254	+39.4	10,822	12,824	-15.6	34,883	36,617	-4.7	14,564	11,258	+29.4	106,534	98,635	+8.0
Slovakia	1,565	1,438	+8.8	1,395	1,874	-25.6	18,031	16,149	+11.7	1,182	1,281	-7.7	28,761	29,573	-2.7	10,037	10,630	-5.6	60,971	60,945	+0.04
Slovenia	1,977	2,825	-30.0	747	803	-7.0	3,786	4,952	-23.5	504	392	+28.6	22,549	19,255	+17.1	6,981	6,099	+14.5	36,544	34,326	+6.5
Spain	31,665	30,881	+2.5	38,168	40,189	-5.0	246,963	197,089	+25.3	20,714	15,515	+33.5	265,552	275,294	-3.5	68,489	83,612	-18.1	671,551	642,580	+4.5
Sweden	54,304	68,714	-21.0	39,016	37,570	+3.8	17,102	14,887	+14.9	4,223	4,347	-2.9	39,743	40,342	-1.5	13,279	15,968	-16.8	167,667	181,828	-7.8
EUROPEAN UNION	902,011	983,718	-8.3	501,266	527,697	-5.0	2,138,474	1,765,893	+21.1	224,692	213,537	+5.2	2,504,457	2,580,076	-2.9	909,592	1,007,279	-9.7	7,180,492	7,078,200	+1.4
Iceland	1,398	5,062	-72.4	1,328	1,341	-1.0	1,814	2,581	-29.7	0	2	-100.0	1,467	1,536	-4.5	1,644	2,179	-24.6	7,651	12,701	-39.8
Norway	68,431	70,673	-3.2	2,418	6,025	-59.9	5,262	5,242	+0.4	9	2	+350.0	737	1,071	-31.2	1,971	2,142	-8.0	78,828	85,155	-7.4
Switzerland	28,242	31,102	-9.2	13,414	14,125	-5.0	50,483	44,004	+14.7	15	62	-75.8	47,913	56,420	-15.1	15,508	15,615	-0.7	155,575	161,328	-3.6
EFTA	98,071	106,837	-8.2	17,160	21,491	-20.2	57,559	51,827	+11.1	24	66	-63.6	50,117	59,027	-15.1	19,123	19,936	-4.1	242,054	259,184	-6.6
United Kingdom	213,544	193,221	+10.5	100,457	80,458	+24.9	434,698	368,346	+18.0	0	0		453,937	490,483	-7.5	36,219	46,790	-22.6	1,238,855	1,179,298	+5.1
EU + EFTA + UK	1,213,626	1,283,776	-5.5	618,883	629,646	-1.7	2,630,731	2,186,066	+20.3	224,716	213,603	+5.2	3,008,511	3,129,586	-3.9	964,934	1,074,005	-10.2	8,661,401	8,516,682	+1.7

¹ Includes full and mild hybrids

² Includes fuel-cell electric vehicles, natural gas vehicles, LPG, E85/ethanol, and other fuels

NEW CAR REGISTRATIONS BY MANUFACTURER

EUROPEAN UNION (EU)

	AUGUST					JANUARY-AUGUST				
	% share ¹		Units		% change	% share ¹		Units		% change
	2024	2023	2024	2023		2024	2023	2024	2023	
Volkswagen Group	27.8	26.7	179,041	210,078	-14.8	26.4	26.4	1,895,390	1,865,118	+1.6
Volkswagen	11.2	11.2	71,841	88,494	-18.8	10.8	11.1	777,225	783,628	-0.8
Skoda	6.9	5.6	44,424	44,346	+0.2	5.9	5.5	427,180	386,006	+10.7
Audi	5.3	5.5	34,241	43,279	-20.9	4.9	5.5	351,229	386,013	-9.0
Seat	2.1	1.8	13,590	14,208	-4.3	2.2	2.1	160,159	148,641	+7.7
Cupra	1.7	1.9	10,730	14,854	-27.8	1.7	1.5	120,603	107,865	+11.8
Porsche	0.6	0.6	3,865	4,480	-13.7	0.8	0.7	54,612	48,270	+13.1
Others ²	0.1	0.1	350	417	-16.1	0.1	0.1	4,382	4,695	-6.7
Stellantis	14.4	16.7	92,667	131,477	-29.5	17.5	18.3	1,254,421	1,295,335	-3.2
Peugeot	5.0	4.9	32,052	38,300	-16.3	5.3	5.7	383,876	401,999	-4.51
Citroen	2.1	3.1	13,793	24,287	-43.2	3.4	3.2	243,850	226,776	+7.5
Opel/Vauxhall	3.5	3.5	22,344	27,644	-19.2	3.3	3.4	236,446	243,152	-2.8
Fiat ³	2.0	3.2	12,604	24,862	-49.3	3.1	3.5	221,712	244,229	-9.2
Jeep	1.0	1.0	6,667	7,880	-15.4	1.1	1.1	82,515	79,172	+4.2
Lancia/Chrysler	0.2	0.3	1,376	2,499	-44.9	0.4	0.4	29,060	29,796	-2.5
Alfa Romeo	0.3	0.3	1,710	2,365	-27.7	0.4	0.5	28,159	31,900	-11.7
DS	0.3	0.4	1,850	3,240	-42.9	0.4	0.5	25,244	32,972	-23.4
Others ⁴	0.0	0.1	271	400	-32.3	0.0	0.1	3,559	5,339	-33.3
Renault Group	10.0	9.5	64,392	74,765	-13.9	10.7	10.9	770,196	770,266	-0.0
Renault	5.0	4.8	32,227	38,195	-15.6	5.7	5.9	406,003	416,420	-2.5
Dacia	5.0	4.6	32,041	36,388	-11.9	5.0	5.0	361,630	351,746	+2.8
Alpine	0.0	0.0	124	182	-31.9	0.0	0.0	2,563	2,100	+22.0
Hyundai Group	8.8	8.4	56,450	65,987	-14.5	8.0	8.5	575,181	601,217	-4.3
Hyundai	4.4	4.3	28,121	34,233	-17.9	4.1	4.1	293,504	291,317	+0.8
Kia	4.4	4.0	28,329	31,754	-10.8	3.9	4.4	281,677	309,900	-9.1
Toyota Group	8.5	7.2	54,539	56,984	-4.3	8.0	6.9	571,574	484,931	+17.9
Toyota	7.8	6.8	50,404	53,689	-6.1	7.5	6.5	535,214	457,731	+16.9
Lexus	0.6	0.4	4,135	3,295	+25.5	0.5	0.4	36,360	27,200	+33.7
BMW Group	7.3	7.1	46,963	55,672	-15.6	6.5	6.6	466,473	467,995	-0.3
BMW	6.3	5.8	40,659	45,500	-10.6	5.7	5.4	406,620	379,812	+7.1
Mini	1.0	1.3	6,304	10,172	-38.0	0.8	1.2	59,853	88,183	-32.1
Mercedes-Benz	5.8	5.4	37,464	42,899	-12.7	5.1	5.3	365,023	376,677	-3.1
Mercedes	5.8	5.0	37,428	39,367	-4.9	4.9	5.1	354,103	358,739	-1.3
Smart	0.0	0.4	36	3,532	-99.0	0.2	0.3	10,920	17,938	-39.1
Ford	3.2	3.3	20,532	25,925	-20.8	2.9	3.5	210,351	249,775	-15.8
Volvo Cars	2.5	1.6	16,113	12,533	+28.6	2.7	2.0	192,365	139,565	+37.8
Tesla	2.4	3.5	15,534	27,341	-43.2	2.1	2.5	152,607	179,363	-14.9
Nissan	1.3	1.7	8,641	13,437	-35.7	1.9	1.8	139,789	129,089	+8.3
Suzuki	1.6	1.5	10,436	11,594	-10.0	1.7	1.4	121,922	99,364	+22.7
SAIC Motor	1.3	1.5	8,308	11,461	-27.5	1.4	1.2	102,924	87,136	+18.1
Mazda	1.3	1.3	8,308	10,347	-19.7	1.3	1.3	93,714	95,422	-1.8
Jaguar Land Rover Group	0.6	0.7	4,099	5,621	-27.1	0.6	0.7	43,961	46,244	-4.9
Land Rover	0.6	0.6	3,836	4,833	-20.6	0.6	0.6	39,755	39,246	+1.3
Jaguar	0.0	0.1	263	788	-66.6	0.1	0.1	4,206	6,998	-39.9
Mitsubishi	0.5	0.4	2,964	3,013	-1.6	0.6	0.4	42,219	24,790	+70.3
Honda	0.4	0.3	2,696	2,738	-1.5	0.4	0.3	27,237	18,845	+44.5

¹ ACEA estimation based on total by market

² Bentley, Bugatti, Lamborghini, and MAN

³ Includes Abarth

⁴ Dodge, Maserati, and RAM

NEW CAR REGISTRATIONS BY MANUFACTURER

EU + EFTA + UK

	AUGUST					JANUARY-AUGUST				
	% share ¹		Units		% change	% share ¹		Units		% change
	2024	2023	2024	2023		2024	2023	2024	2023	
Volkswagen Group	27.7	26.7	209,089	241,257	-13.3	26.0	26.1	2,253,034	2,226,904	+1.2
Volkswagen	10.9	11.1	82,295	100,275	-17.9	10.5	10.8	907,645	915,845	-0.9
Skoda	6.7	5.6	50,588	50,363	+0.4	5.7	5.3	491,341	449,586	+9.3
Audi	5.6	5.7	42,274	51,278	-17.6	5.2	5.7	446,464	488,193	-8.5
Seat	2.1	1.8	16,222	16,275	-0.3	2.2	2.0	190,027	172,584	+10.1
Cupra	1.7	1.8	12,506	16,634	-24.8	1.6	1.5	142,083	127,124	+11.8
Porsche	0.6	0.7	4,778	5,921	-19.3	0.8	0.8	69,602	67,129	+3.7
Others ²	0.1	0.1	426	511	-16.6	0.1	0.1	5,872	6,443	-8.9
Stellantis	13.7	16.1	103,612	145,348	-28.7	16.2	17.0	1,401,967	1,449,515	-3.3
Peugeot	4.8	4.7	35,974	42,075	-14.5	5.0	5.2	430,939	444,831	-3.1
Opel/Vauxhall	3.4	3.7	25,908	33,773	-23.3	3.4	3.6	293,375	309,659	-5.3
Citroen	2.1	2.9	15,517	26,367	-41.1	3.1	2.9	265,295	248,393	+6.8
Fiat ³	1.8	2.9	13,556	26,168	-48.2	2.7	3.0	234,595	258,575	-9.3
Jeep	1.0	0.9	7,202	8,104	-11.1	1.0	1.0	88,522	82,716	+7.0
Alfa Romeo	0.2	0.3	1,826	2,548	-28.3	0.3	0.4	29,773	33,927	-12.2
Lancia/Chrysler	0.2	0.3	1,377	2,499	-44.9	0.3	0.3	29,061	29,802	-2.5
DS	0.3	0.4	1,941	3,357	-42.2	0.3	0.4	26,223	35,206	-25.5
Others ⁴	0.0	0.1	311	457	-31.9	0.0	0.1	4,184	6,406	-34.7
Renault Group	9.3	8.8	69,913	79,373	-11.9	9.7	9.7	837,665	822,861	+1.8
Renault	4.7	4.5	35,703	40,955	-12.8	5.2	5.2	447,536	444,589	+0.7
Dacia	4.5	4.2	34,068	38,210	-10.8	4.5	4.4	387,228	375,875	+3.0
Alpine	0.0	0.0	142	208	-31.7	0.0	0.0	2,901	2,397	+21.0
Hyundai Group	8.9	8.5	66,901	76,585	-12.6	8.4	8.8	724,725	748,509	-3.2
Kia	4.5	4.1	33,850	37,104	-8.8	4.2	4.6	362,834	390,960	-7.2
Hyundai	4.4	4.4	33,051	39,481	-16.3	4.2	4.2	361,891	357,549	+1.2
Toyota Group	8.1	7.1	61,324	64,667	-5.2	7.7	6.9	664,875	585,197	+13.6
Toyota	7.5	6.7	56,475	60,460	-6.6	7.1	6.4	617,374	548,025	+12.7
Lexus	0.6	0.5	4,849	4,207	+15.3	0.5	0.4	47,501	37,172	+27.8
BMW Group	7.3	7.1	54,994	64,455	-14.7	6.9	6.8	596,623	581,575	+2.6
BMW	6.3	5.8	47,521	52,563	-9.6	5.9	5.4	509,390	463,059	+10.0
Mini	1.0	1.3	7,473	11,892	-37.2	1.0	1.4	87,233	118,516	-26.4
Mercedes-Benz	5.8	5.3	43,544	48,220	-9.7	5.1	5.2	441,804	446,467	-1.0
Mercedes	5.8	4.9	43,508	44,631	-2.5	5.0	5.0	430,367	428,066	+0.5
Smart	0.0	0.4	36	3,589	-99.0	0.1	0.2	11,437	18,401	-37.8
Ford	3.5	3.8	26,289	34,340	-23.4	3.3	4.1	284,982	348,036	-18.1
Volvo Cars	2.8	1.7	20,891	15,283	+36.7	2.8	2.1	245,858	181,096	+35.8
Nissan	1.6	1.8	12,148	16,666	-27.1	2.4	2.2	210,985	188,362	+12.0
Tesla	2.9	3.8	21,701	34,145	-36.4	2.3	2.8	201,042	238,887	-15.8
SAIC Motor	1.5	1.7	11,333	15,191	-25.4	1.9	1.6	161,059	138,408	+16.4
Suzuki	1.6	1.5	12,242	13,713	-10.7	1.7	1.4	143,069	119,379	+19.8
Mazda	1.3	1.3	9,817	11,980	-18.1	1.3	1.4	114,987	118,826	-3.2
Jaguar Land Rover Group	1.0	0.8	7,198	7,444	-3.3	1.2	1.1	102,498	93,360	+9.8
Land Rover	0.8	0.7	6,275	6,284	-0.1	1.0	0.9	85,800	77,939	+10.1
Jaguar	0.1	0.1	923	1,160	-20.4	0.2	0.2	16,698	15,421	+8.3
Honda	0.6	0.4	4,602	3,817	+20.6	0.6	0.4	51,979	37,369	+39.1
Mitsubishi	0.4	0.3	3,139	3,160	-0.7	0.5	0.3	44,028	26,100	+68.7

¹ ACEA estimation based on total by market

² Bentley, Bugatti, Lamborghini, and MAN

³ Includes Abarth

⁴ Dodge, Maserati, and RAM

European auto industry calls for urgent action as demand for EVs declines

19 September 2024

Brussels, 19 September 2024 – A continuous trend of shrinking market share for battery electric cars in the EU sends an extremely worrying signal to industry and policymakers. European auto manufacturers, united in ACEA, therefore call on the EU institutions to come forward with urgent relief measures before new CO2 targets for cars and vans come into effect in 2025. Additionally, we urge the European Commission to bring forward the CO2 regulation reviews for light-duty and heavy-duty vehicles, currently scheduled for 2026 and 2027 respectively, to 2025.

The European auto industry supports the Paris Agreement and the EU's 2050 transport decarbonisation targets and has invested billions in electrification to bring vehicles to market. Today, vehicle technology and the availability of zero-emission vehicles are not bottlenecks. **We are playing our part in this transition, but unfortunately, the other necessary elements for this systemic shift are not in place.** An aggravating factor is the rapid erosion of the EU's competitiveness, as confirmed in the Draghi report.

The latest [EU car registration data](#) released by ACEA today once again confirms the electric car market is now on a continual downward trajectory.

As stated by the ACEA Board:

We are missing crucial conditions to reach the necessary boost in production and adoption of zero-emission vehicles: charging and hydrogen refilling infrastructure, as well as a competitive manufacturing environment, affordable green energy, purchase and tax incentives, and a secure supply of raw materials, hydrogen and batteries. Economic growth, consumer acceptance, and trust in infrastructure have not developed sufficiently either.

As a result, the zero-emission transition is highly challenging, with concerns about meeting the 2025 CO2 emission reduction targets for cars and vans on the rise. The current rules do not account for the profound shift in the geopolitical and economic climate over the past years and the law's inherent inability to adjust for real-world developments further erodes the competitiveness of the sector.

This raises the daunting prospect of either multi-billion-euro fines, which could otherwise be invested in the zero-emission transition, or unnecessary production cuts, job losses, and a weakened European supply and value chain at a time when we face fierce competition from other automaking regions.

The industry cannot afford to wait for the review of the CO2 regulations in 2026 and 2027, we need urgent and meaningful action now to reverse the downward trend, restore EU industry competitiveness and reduce strategic vulnerabilities. For heavy-duty vehicles, an earlier review will also be absolutely critical to ensure vital conditions like infrastructure for trucks and buses are scaled up in time.

We stand ready to discuss a package of short-term relief for the 2025 CO2 targets for cars and vans, as well as a fast-track, comprehensive, and robust review of the CO2 Regulations for both cars and trucks, plus targeted secondary legislation, to get the zero-emission transition firmly on track and secure Europe's industrial future.

European auto manufacturers, united in ACEA, call on the EU institutions to come forward with urgent relief measures before new CO2 targets for cars and vans come into effect in 2025.

[Download image / photo in high resolution](#)

Notes for editors

- EU car sales are still around 18% lower than pre-pandemic levels in 2019
- Year-to-date EU battery-electric sales volumes have dropped 8,4% in an already shrinking market
- Year-to-date EU battery-electric market share has dropped from 13.9% last year to 12.6% this year
- The market decline is affecting many brands, including and beyond ACEA members, across the board (ACEA August [car registration data](#))
- Only 16% of European non-EV owners are considering that their next vehicle purchase will be an EV, down from 18% in 2021 ([McKinsey, 2024](#))
- In parallel, almost 20% of the current BEV owners said to be likely or very likely to switch back to combustion engine vehicles ([McKinsey, 2024](#))
- EU needs 8 times more charging points per year by 2030 to meet CO2 targets– ACEA report [Charging ahead: accelerating the rollout of EU electric vehicle charging infrastructure](#)
- Electric cars: Tax benefits and incentives – [ACEA report](#) (2024)

About ACEA



Vertu Motors plc (“Vertu”, “Group”)
Unaudited interim results for the six months ended 31 August 2024
Resilient H1 performance in line with expectations

Vertu Motors plc, the automotive retailer with a network of 193 sales and aftersales outlets across the UK and with sector leading brands, announces its interim results for the six months ended 31 August 2024 (“the Period”).

FINANCIAL SUMMARY

	H1 FY25	H1 FY24	H2 FY24	FY24
Revenue	£2,492.4m	£2,422.5m	£2,297.1m	£4,719.6m
Adjusted ¹ profit before tax	£23.5m	£31.5m	£6.3m	£37.8m
Basic EPS	4.77p	6.58p	1.02p	7.60p
Dividends per share	0.90p	0.85p	1.50p	2.35p
Net Debt ²	(£83.9m)	(£90.7m)	(£54.0m)	(£54.0m)

HIGHLIGHTS

- Total Group revenue for the Period increased by 2.9% compared to H1 FY24.
 - Group aftersales operations delivered a robust performance, delivering Core Group gross profit growth of £7.1m.
 - Used vehicle like-for-like volume growth of 3.9% and gross margin increased to 7.3%.
 - Group new retail vehicle sales volumes down 5.9% in the Period with significant market share gains as UK market saw an 11.2% decline.
 - BEV new retail sales volumes in UK fell in the Period by 7.0%, however, Group grew retail BEV sales volumes by 10.9% as the Group focused on this critical channel.
- Key steps taken to grow the Group's partnerships with Chinese Manufacturers.
- H1 profits lower than prior year levels as anticipated as costs increased due to cost inflation and increased headcount to drive activity.
- The Group's balance sheet remains strong with gearing levels below target, gearing³ ratio of 23.1%.
- Tangible net asset per share increased to 73.7p (H1 FY24: 70.9p).
- 3.3m shares (representing 1.0% of share capital in issue on 1 March 2024) repurchased at a cost of £2.4m since 1 March 2024: buyback continues with a further £3m programme in addition to £0.6m remaining of the existing authority.
- Increased interim dividend of 0.90p per share declared, payable in January 2025.

CURRENT TRADING AND OUTLOOK

- Group September trading performance in line with prior year levels. The Board anticipates that full year profits will be in line with current market expectations.
- Key plate change month of September saw like-for-like new retail sales volumes up 5.2% with retail market down 1.8% continuing strong market outperformance.
- Group like-for-like retail BEV sales volumes more than doubled year-on-year in September against a broadly static UK market.
- Profitability in H2 is expected to improve over prior year levels due to a stronger used car market and enhanced used vehicle trade values.

- Inflationary cost pressures remain in salaries and wages and the Group continues to focus on cost and efficiency.
- All UK retail outlets will trade under the Vertu brand by the end of April 2025. A single UK brand will enhance marketing ROI and deliver cost savings.
- Significant progress continues to be made in disposing of surplus properties generating cash and profits.

¹ Adjusted to remove share based payment charge, amortisation of intangible assets and other non-underlying items

² Excludes lease liabilities, includes used vehicle stocking loans

³ Net debt (excluding lease liabilities) / Shareholders funds

Commenting on the results, Robert Forrester, Chief Executive, said:

"I am pleased with the Group's first half performance against a fast-shifting market backdrop. Our high margin aftersales business delivered an excellent H1 performance, aided by higher technician numbers and execution of the Group's vehicle health check process.

The retail new car market declined as the Government's regulation to transition to battery electric vehicles ('BEV') introduced market volatility and negative effects in terms of affordability. We took considerable market share in the new retail market, and in the BEV market in particular, reflecting the Group's adaptability and strong operational execution.

The Group's strong balance sheet, excellent portfolio of brands, robust and scalable systems, and a strong and experienced leadership team with motivated colleagues puts us in a great position from which to deliver on our strategic goals. We are actively pursuing value accretive growth opportunities to enhance our portfolio, applying strict investment return metrics as well as returning cash to shareholders."

Webcast details

Vertu management will make a webcast available for analysts and investors this morning on the Group's website <https://investors.vertumotors.com/results/>

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CHAIRMAN'S STATEMENT

In a dynamic market environment, the Group once again showed its adaptability and high levels of operational excellence during the period ended 31 August 2024. Adjusted⁴ profit before tax of £23.5m was, as anticipated, below the levels achieved in the prior period due to a rise in costs. The Group delivered increased market share in the new retail vehicle market (and particularly the BEV market) and saw strong performances in the used car and aftersales channels. There is an expectation that a stronger used vehicle market will drive profitability to above prior year levels in the second half of the financial year.

There were several noteworthy highlights in the Period:

- The Group's strategic objective to grow as a leading automotive retail franchise is driven by our belief that the benefits of scale are maximised within a larger, well-structured Group. The Group is one of the six super groups that have emerged in the UK from consolidation in recent years. Strong, enduring partnerships with our Manufacturer partners remain central to achieving the Group's strategy. I am proud of the robust relationships we have cultivated with our carefully selected partners; built on mutual respect, operational excellence, and a shared commitment to delivering exceptional customer experiences. The Group has delivered on its growth objective in the Period and this is set to continue.
- The Group's scale supports investment in the in-house development of systems, enhancing customer and colleague experiences while driving cost efficiencies. These scalable platforms are rapidly integrated into acquired dealerships, and efforts continue to optimise group-wide efficiency through technology. During the Period, the Group enhanced its aftersales customer journey and profitability with completion of the rollout of an in-house deferred payment service, 'Pay Later', which has improved sales conversion rates within service operations. Significant progress has also been made in leveraging data through the Vertu Insights product, enabling frequent vehicle pricing adjustments to better respond to used car market conditions and improve used car stock and sales management.
- The Board is very focused on ensuring that steps are taken to mitigate the impact of rising costs in areas largely outside of the Group's control such as the National Minimum Wage, demonstrator vehicle costs and manufacturer stocking charges. Use of technology to improve productivity is critical in this area and good progress is being made.
- Having the right resource levels and leadership throughout the business is critical to deliver operational excellence. Vacancy levels have reduced in all areas and colleague retention is improving. These trends have a positive influence on delivering operational excellence.
- The Group currently operates three major brands in the retail market, Bristol Street Motors, Macklin Motors and Vertu. By the end of April 2025 all UK outlets will operate under the Vertu brand. Following a detailed review of our Brand strategy, we are confident this transition will be well received by customers and Manufacturers and yield immediate marketing efficiencies as well as other operational benefits which will help to mitigate continued cost pressure in other areas. Upfront costs incurred from this initiative will be more than offset by savings in the first 12 months of the rebranding.
- There has been continued application of stringent capital allocation disciplines:
 1. Growth: The Group continues to implement its multi-franchise strategy to maximise profit potential at select locations, while aligning with Manufacturer representation plans. This approach is exemplified by the recent openings of Ducati in Sunderland, Peugeot in Carlisle, and the Group's new representation of the Chinese brands of BYD and Leap Motors. These additional franchises have or will be integrated into existing Group locations, complementing our broader brand portfolio.
 2. Reinvestment: As at August 2024, the Group owned freehold and long-leasehold property with a net book value of £324.3m which is held at depreciated historic cost. The Group actively manages its property portfolio to create value and in the Period disposed of surplus property releasing capital for redeployment within the business or to be returned to shareholders.
 3. Acquisitions: As a leading Group with a strong balance sheet and reputation for swift integration, we see good flow of acquisition opportunities, from single sites to groups. We

have a disciplined approach which analyses all opportunities to consider how they can benefit the Group to deliver on our long-term strategic objectives and enhance returns to Shareholders.

4. Dividends: Since the Group began paying ordinary dividends in January 2011, over £56.0m has been paid to our shareholders. Our dividend for this interim period has been increased by 5.9% to 0.90p per share at an anticipated cost of £3.0m.
5. Share Buybacks: Since the Group began Share Buybacks in October 2018, over £33.0m has been returned to shareholders, reducing the Company's shares in issue by 15.9% over the same period. Over £7.7m was returned in 2023, and in February 2024 the Group announced a £3.0m Share Buybacks for the forthcoming year, of which £2.4m has been spent to purchase over 3.3m shares for cancellation to date (£0.6m remains unspent). The Group has announced an additional £3.0m for the Share Buyback programme today and remains below target gearing levels.

It has been widely reported that the Chancellor is expected to announce revisions to current Inheritance Tax legislation in the October budget, including the removal of Business Relief for qualifying companies listed on AIM. The Board continues to monitor this specific situation closely and encourages Government to carefully consider the impact of any changes to legislation which make AIM less attractive for growth companies.

AIM has been a key facilitator in Vertu's growth. Since IPO in 2006, Vertu has raised capital on a handful of occasions, with the last institutional equity capital raise taking place over 8 years ago in March 2016. Today Vertu stands as one of six UK super groups, and the only one listed in the UK. We employ over 7,500 colleagues across a UK network of over 190 locations representing 33 franchise brands. Our contribution to the nation's Exchequer in FY24 in corporation tax, national insurance and business rates alone was over £52m. We consistently invest in people, franchise relationships, property and systems. Our long-term commitment to operational excellence has enabled us to grow profits and fund our organic and inorganic growth. Our cash generation has funded significant dividend payments and share buybacks.

It's rewarding to see how each colleague has contributed to the success of the Group, and I would like to thank them for their efforts. The dedication they continue to demonstrate is both exemplary and humbling.

Andy Goss, Chairman

⁴ Adjusted to remove share based payment charge, amortisation of intangible assets other non-underlying items

CHIEF EXECUTIVE'S REVIEW

Strategy Summary

The Group's key long-term strategic goal remains: To deliver growing, sustainable cashflows from operational excellence in the franchise automotive retail sector. The strategic objectives of the Group, which have been recently reviewed and confirmed by the Board, are summarised below:

- To grow as a major scaled franchised dealership group, to develop our portfolio of Manufacturer partners, while being mindful of industry development trends and to maximise long-run returns.
- To be at the forefront of digitalisation in the sector, delivering a cohesive 'bricks and clicks' strategy with cost optimisation and efficiency:
 - Optimise omnichannel development, bringing bricks and clicks together.
 - Digitalise aftersales processes to improve customer service and efficiency.
 - Reduce the cost base of the Group by delivering efficiency using technology.
 - Utilise data driven decision making to generate enhanced returns.
- To develop and motivate the Group's colleagues to ensure operational excellence is delivered constantly across the business.
- To develop ancillary businesses to add revenue and returns that complement the automotive retail dealership business.

The Group continues to make progress in all four areas of its strategy.

Execution of Group Strategy

Developing the scale of the Group

The Group has an excellent platform allowing it to capitalise on growth opportunities and deliver scale benefits since it is one of the six super groups that have recently emerged in the UK with revenues in excess of £4bn. The franchised retail market in the UK remains very fragmented with the Group representing just 5% of the sector. The following changes to the scale of the Group have been delivered since 1 March 2024:

- *Acquisitions*

On 22 July 2024, the Group added a Honda dealership in Exeter to its portfolio, following the purchase of the trade and assets of the site from Hendy Group Limited. The acquisition included leasehold dealership premises and total consideration, funded from the Group's existing cash resources was £1.1m. This acquisition further solidified the Group's position as Europe's largest Honda retailer, now representing a total of 17 Honda dealerships across the UK. The outlet augments the Group's existing Honda dealerships in Plymouth and Truro, further expanding the Group's significant presence in the South-West of England and creating a complete market area for the brand in Devon and Cornwall.

- *Multi-franchising and new outlets*

In July 2024, the Peugeot franchise opened in Carlisle, alongside the Group's existing Vauxhall, MG, SEAT and Cupra dealerships.

In August 2024, the first of the Group's BYD outlets opened in Worcester, alongside the Group's existing Ford and Citroen dealerships. A further BYD outlet is expected to open alongside an existing sales outlet in the coming months. In addition, in H2 it is anticipated that the Group will open five Leap Motors outlets alongside fellow Stellantis brands and a further smart outlet. These developments form part of a focused strategy to increase exposure to Chinese produced cars. Currently, the UK remains the only major Western country not to have significant tariffs on such products and market share of Chinese cars (particularly BEV) is expected to rise significantly in the next few years.

The Group opened a flagship outlet for Ducati motorbikes in August in Sunderland bringing the franchise to the Group for the first time.

The Group is continuing to develop businesses across the UK. Plymouth saw the opening of a Renault Dacia outlet in August and Volvo will also open in the city in H2.

In September 2024, the newly developed dealership for Toyota in Ayr opened for business. This completes the West of Scotland market area for the brand awarded to the Group in FY23. The Group now operates six Toyota outlets in the UK.

- *Active Management*

The Board continues to actively manage the Group's portfolio of properties and businesses. This includes assessing further growth opportunities as well as the future potential of existing businesses, utilising strict investment return metrics to ensure discipline in capital allocation.

The Group has continued to generate cash from the sale of surplus properties, including the sale in the Period of one property held for resale as of 28 February 2024. A surplus dealership in Taunton, acquired through the Helston acquisition, was sold for £0.8m, matching its book value. Subsequent to 31 August 2024, the Group exchanged contracts for the sale of a former dealership, the sale, expected to be completed in the second half of FY25, will generate gross cash proceeds of £2.3m, in excess of the net book value of the property of £2.0m. In addition, a further surplus property was sold for £1.6m in October 2024, in excess of the net book value of £0.9m.

The Group currently holds three additional surplus properties for resale which are expected to be sold in the coming months for gross cash proceeds of approximately £5.7m, compared to net book value of £4.9m. The largest of these, located in Glasgow, has faced delays in completion but the Board is confident realisation will take place.

Digitalisation Developments

The Group's scale enables it to invest in systems and operational development, enhancing its customer offerings and boosting profitability by maximising margins and increasing productivity to lower costs. The Group's internally developed systems provide standardised processes and controls, along with real-time management information, enabling swift and well-informed decision-making.

The following provide good examples of the work being done to add value:

- Vertu Insights continues to be developed as a used vehicle pricing tool, facilitating real-time price updates based on market conditions and forming the basis for part-exchange valuations for customers. The technology, which combines proprietary and third-party machine learning, allows for instant price adjustments across all vehicles at a given location in response to market supply and demand. During the Period, the Group repriced over 75% of its advertised stock each day using this system. Resulting used car pricing strategies have helped to drive a strong used car performance in the Period and freed up management time in the sales arena.
- The 'Pay Later' deferred payment option in the service area, developed in-house for service customers, has been fully implemented and is now a key driver of increased selling of additional work identified in the Vehicle Health Check process. This has aided the increase of average invoice values per customer visit and driven aftersales profitability. This solution allows customers to spread unexpected repair costs, interest-free, over a period of up to six months. During the Period, 6,800 customers utilised this option, with an average bill of £826. Compared to the previous outsourced solution, this option operates at a lower cost to the Group. As of 31 August 2024, £2.7m of working capital was tied up in this facility (29 February 2024: £1.3m), with no significant credit issues reported.
- The Period saw further development of digital self-service check-in in the Group's service departments. 63% of customers now check in for their service from home with 57% of these customers going on to use the instore kiosks to safely deposit their vehicle keys. The functionality of the kiosks has been further enhanced to allow courtesy vehicle collection, with the option for customer check out and payment now in pilot for roll out in the second half of FY25. In addition, opportunities for add-on sales and vehicle sales have been enhanced, with check-in questions now able to be amended centrally across multiple locations.
- A new project is significantly advanced investing substantial development resource to improve the productivity and efficiency of the Group's financial processing. The following are examples of these developments:

The first development of this project, the 'Vertu Transfer System' (VTS) has been successfully piloted and is now being rolled out across the Group. This allows the automated transfer of used car stock vehicles between Group dealerships, including the transfer of the accounting record,

supporting documentation and payment, immediately on the online approval of the transfer by the holding dealership. This system also speeds up the ability to sell cars in any dealership from the stock of another and gives increased customer benefits as a result.

An update to the Group's customer payment journey is also in the process of rolling out. This enhancement allows customers to pay by link, Apple Pay or online banking directly to our dealerships and the system will automatically post the cash receipt onto Group systems. This improves the efficiency of the Group's finance functions significantly, removing significant keying and transaction matching and is expected to reduce bank charges.

Additional efficiency improvements are in development in the finance area.

Recruiting, Retaining and Developing Colleagues

The Group prioritises the development and motivation of its colleagues to ensure operational excellence and exceptional customer experiences, which drive long-term, sustainable cash flows. Like many UK businesses, the Group has faced challenges in recruiting and retaining talent. However, during the Period, the Group successfully reduced vacancy levels across all areas and improved colleague retention. Towards the end of the Period, the Group adjusted remuneration for certain skilled roles where pay was close to the new National Minimum Wage, ensuring the retention of key positions. This has however increased the cost base of the Group further and this is likely to continue given Government wages policy.

The Group has long demonstrated a strong commitment to investing in its people, offering opportunities for talented, hardworking individuals to succeed. Development initiatives include degree apprenticeships, technician apprentice schemes, and progression programmes designed to support the advancement of colleagues into management roles. These schemes, along with the Group's broader talent programmes, are built to foster a meritocratic culture with equal opportunities for all.

Ancillary Businesses

The Group has a strategy to develop ancillary businesses to add revenue and improve returns that complement the core dealership businesses. Opportunities are reviewed to extend these operations further and one highlight is the launch of 'Repair Master' in the Period. This business provides smart repair services to fleet companies for their returning vehicles. The business now operates nine vans with six more being fitted out to further expand the business. There remains unfulfilled demand for these services and further significant expansion of this new operation is anticipated.

Sector Trends

- *Electrification*

The UK's commitment to Net Zero and electrification goals continue to evolve. These policies represent a significant external change for the automotive sector which will have implications on the vehicle sales and repair sector in the years ahead. The previous government delayed the full ban on new petrol and diesel car sales to 2035, aligning with the EU. However, during the UK Labour Party's election campaign, Labour pledged to reinstate the ban to 2030. Despite the continued uncertainty around the timing of this full ban, the Zero Emission Vehicle (ZEV) mandate remains in place, requiring 22% of new car sales in 2024 to be BEVs, with this target increasing each year to 80% by 2030.

As of August 2024, BEVs accounted for 17.2% of new car registrations, compared to 16.4% in the previous year. BEV sales in the retail market reduced 7.0% in the Period year-on-year. The limited growth has been driven by fleet purchases, while private BEV demand remains low due to concerns about affordability and charging infrastructure and costs, particularly among consumers without access to off-street parking.

In response to weak retail demand (which is being mirrored across Europe), Manufacturers have introduced discounting of BEV product, supported subsidised financing, and in some cases rationed petrol and hybrid vehicle supplies to meet ZEV mandate targets and avoid fines of up to £15,000 per non-BEV car sold above the limits. The SMMT forecasts that BEVs will make up 18.5% of the market by the end of 2024, which would fall short of the government's 22% target (however, there are some flexibilities built into the Mandate providing some potential relief to Manufacturers). The UK new car market (and van market in due course) is likely to come under continued pressure if the current regulations are not amended. As Manufacturers cannot sustain price cuts indefinitely, government incentives like tax breaks or subsidies will likely be needed to boost BEV private sales

or changes to the Mandate will be required to take the pressure off the sector and to make the transition to BEV vehicles more achievable and sustainable.

The Group is very much at the forefront of discussions with Government and the wider sector on how the regulations impact the whole UK automotive sector. The outperformance of the Group in increasing sales volumes and market share of the retail BEV market has been marked.

- *Financial Conduct Authority*

The Financial Conduct Authority (FCA) investigation into Discretionary Commission Arrangements (DCAs) within automotive finance continues. Preliminary findings from the FCA review suggest that motor finance providers, and motor finance credit brokers (including motor dealers) who have engaged in motor finance agreements involving DCAs could be impacted. The Group ceased sales involving DCAs in January 2021. The FCA have now indicated that an update on this investigation will be given by May 2025. The Board does not currently consider that provisions are required to be made in respect of any exposures in this area and will update shareholders as the position becomes clearer.

- *Agency Distribution*

Under the agency distribution model, the Manufacturer transacts with the customer for new vehicle sales while the retailer remains the physical touchpoint with the customer and undertakes the sales process, customer contact and vehicle delivery as an agent. The retailer-turned-agent receives a commission on each new vehicle sale. There are varying versions of the agency model, and the picture is evolving in terms of such factors as Manufacturers' appetite to change, the legal structure of the model and the details of operational implementation. Several of the Group's Manufacturers partners have implemented or are considering the application of the agency model in the future. Several Manufacturers that had previously announced a transition to agency have now announced this will not take place. The model has certain advantages and disadvantages to both Manufacturers and retailers, and these vary depending on prevailing market conditions. The Group has successfully implemented the new models where they have been introduced.

Current Trading and Outlook

The Board anticipates that profits for the financial year ending 28 February 2025 will be in line with current market expectations.

The Group's September performance delivered profits in line with prior year levels. Like-for-like new retail car sales growth of 5.2% was delivered with this significantly outperforming the SMMT reported 1.8% fall in UK retail registrations year-on-year and continuing the Group trend for increased retail market share delivered in the first half. The Group more than doubled year-on-year sales volumes of BEV product in the retail channel in the month, against a largely stable UK market. New vehicle margins remain weaker than in the prior year.

Fleet and commercial volumes declined, with some advantageous supply to the Group in the prior period now eroded by the improving overall supply situation. Margins in this key channel continued to be strong as the Group does not significantly engage in low margin sales such as to the daily rental market.

Used car volume trends were stable, but margins considerably strengthened compared to the comparative period, which marked the start of the used vehicle pricing correction in second half of FY24.

Aftersales demand remained strong and higher technician resource levels are helping to drive increased revenues and profits.

Cost control remains a major focus in the light of continued pay pressure driven by the National Minimum Wage. Recent further action on pay has been undertaken in some roles paid close to current Minimum Wage levels.

The mid-term outlook for the Group should be enhanced by the combination of reduced interest rates and the Group's strong operational capability. The Government imposed ZEV mandate, which increases BEV content targets with potential penal fines for Manufacturers, has the potential to create volume and pricing volatility in the months ahead. The Board is therefore cautious on the outlook for new vehicle profitability.

The Board believes that the Group is very well positioned to deliver on its stated strategy and to take advantage of the increasing opportunities in the UK sector. The pipeline of growth opportunities is strong at present and will allow further expansion of the Group's scale in the period ahead.

Robert Forrester, CEO

CHIEF FINANCIAL OFFICER'S REVIEW

The Group's income statement for the Period is summarised below:

	H1 FY25 £'m	H1 FY24 £'m	H1 FY25 Var to H1 FY24 %
Revenue	2,492.4	2,422.5	2.9%
Gross Profit	273.8	267.2	2.5%
Operating Expenses	(239.4)	(225.8)	(6.0%)
Adjusted Operating Profit	34.4	41.4	(16.9%)
Net Finance Charges	(10.9)	(9.9)	(10.1%)
Adjusted Profit Before Tax	23.5	31.5	(25.4%)
Non-Underlying Items ⁵	(1.4)	(1.4)	-
Profit Before Tax	22.1	30.1	(26.6%)
Taxation	(6.1)	(7.7)	20.8%
Profit After Tax	16.0	22.4	(28.6%)

⁵ Non-underlying items represent share based payment charges, amortisation of intangible assets and other non-underlying items.

The Group delivered an adjusted profit before tax of £23.5m in the Period. This performance was, as anticipated, below that achieved in the prior year period.

Operating expenses and finance charges, particularly wages and salaries, demonstrator and courtesy car costs and Manufacturer stocking charges, rose at a faster rate than gross profit. Wages and salaries rose due to the impact of National Minimum Wage increases and knock-on effects, as well as higher productive head count levels to drive revenue in sales and aftersales. Demonstrator and courtesy car costs rose due to increased BEV mix and higher depreciation needed on BEV fleets. In recent years, reduced new vehicle supply constrained such fleets. Manufacturer stocking charges rose with interest rates and higher new vehicle pipeline inventory levels as increased supply interacted with muted demand. The Group sought to partially mitigate these impacts through cost savings in other areas.

Gross profit growth was muted due to declining profit generation in the new retail vehicle sales channel as volume and margins fell. This was despite significant outperformance by the Group in the channel with significant market share gains delivered especially in the BEV segment. All other channels saw growth in gross profits. Overall, gross margins were consistent at 11.0%. Operating margins fell to 1.4% (H1 FY24: 1.7%) as a result of increased operating expenses.

Revenue grew by £69.9m to £2.5bn, with an increase of £49.6m (2.1%) delivered in the Core Group, aided by an increase in the like-for-like number of vehicles sold and growth in Core Group aftersales revenues. Dealerships openings and businesses acquired contributed revenue growth of £45.1m, whilst the closure of dealership operations reduced revenues by £24.8m compared to the prior year period.

Revenue and Gross Profit by Department

An analysis of total revenue and gross profit by department is set out below:

	H1 FY25 £'m	H1 FY24 £'m	H1 FY25 Var to H1 FY24
Revenue			
New	771.8	744.0	3.7%
Fleet & Commercial	545.5	525.6	3.8%
Used	950.6	947.8	0.3%
Aftersales	224.5	205.1	9.5%
Total Group Revenue	2,492.4	2,422.5	2.9%
Gross Profit			
New	58.4	63.0	(7.3%)
Fleet & Commercial	28.2	26.8	5.2%
Used	68.7	67.4	1.9%
Aftersales	118.5	110.0	7.7%
Total Gross Profit	273.8	267.2	2.5%
Gross Margin			
New	7.6%	8.5%	(0.9%)
Fleet & Commercial	5.2%	5.1%	0.1%
Used	7.2%	7.1%	0.1%
Aftersales ⁶	43.8%	43.8%	-
Total Gross Margin	11.0%	11.0%	-

⁶ Aftersales margin expressed on internal and external revenues

The total volumes of vehicles sold by the Group and like-for-like trends against market data are set out below:

	Total units sold			Like-for-like units sold		
	H1 FY25	H1 FY24	% Variance	H1 FY25	H1 FY24	% Variance
Used retail vehicles	46,073	43,921	4.9%	44,868	43,204	3.9%
New retail cars ⁷	18,847	20,027	(5.9%)	18,441	19,507	(5.5%)
Motability cars	10,688	8,626	23.9%	10,349	8,413	23.0%
Direct fleet cars	10,396	9,688	7.3%	10,345	9,570	8.1%
Agency fleet cars	3,545	3,725	(4.8%)	3,544	3,465	2.3%
Total fleet cars	13,941	13,413	3.9%	13,889	13,035	6.6%
Commercial vehicles	8,077	9,422	(14.3%)	7,989	9,396	(15.0%)
Total New vehicles	51,553	51,488	0.1%	50,668	50,351	0.6%
Total Vehicles	97,626	95,409	2.3%	95,536	93,555	2.1%

	Variance ⁸	UK Market (SMMT)
New Retail Car	5.7%	(11.2%)
Motability Car	(14.5%)	37.5%
Fleet Car	(3.1%)	9.7%
Commercial	(17.0%)	2.0%

⁷ Including agency volumes

⁸ Represents the variance of like-for-like Group volumes to the UK trends reported by SMMT

New retail cars and Motability sales

Overall, UK car registrations increased 3.9%⁹ in the Period, with this growth driven by the Fleet and Motability channels. UK private registrations were back 11.2% in the Period as higher finance costs and vehicle prices weighed on demand for new cars. In part this was linked to the increasing supply and push of BEV vehicles driven by the ZEV mandate. Retail demand for electric vehicles remains weak compared to other powertrains, because of high vehicle prices and lack of charging infrastructure.

New vehicle supply in the UK has been strong in the Period, particularly for BEVs, as Manufacturers aim to meet Government mix targets. This supply, coupled with weak retail demand, has led to significant discounting and attractive financing offers for electric models. Retailer margins have been put under pressure as retailers sought to hit BEV mix targets and increasing numbers of previous customers encountered negative equity due to the declining value of their current car in the period of ownership.

Against this backdrop, the Group delivered an excellent volume performance taking increased new retail market share. The Group's like-for-like new retail vehicle volumes fell by 5.5% in the Period, significantly outperforming the overall retail market trend. Overall, the Group increased UK retail market share to 4.8% (H1 FY24: 4.6%). The Group was also very successful in increasing its BEV retail sales volumes which grew 10.9% in the Period on a like-for-like basis compared to a 7.0% decline in UK BEV retail registrations (according to the SMMT).

UK Motability registrations rose a significant 37.5% over the Period. The Group's Motability volumes grew 23.0% on a like-for-like basis. This represented a reduced UK market share of 5.6% (H1 FY24: 6.2%). Motability volumes are highly dependent on Manufacturer offers and consequently will be impacted by the mix of the Group's brands and the stance of each Manufacturer on supplying into this low margin channel. The Group remains Motability's largest partner in the UK with over 43,000 vehicles on the fleet. These vehicles return to the Group's service departments for an annual service funded by Motability and Motability is therefore a vital customer in the Group's higher margin aftersales business.

The Group is seeing a dampening effect on new vehicle margins reflecting an increasing supply push market and significant increased mix of Motability sales. Core Group gross profit margins on new retail and Motability vehicle sales were 7.6% (H1 FY24: 8.5%). Like-for-like gross profits from the sale of new retail and Motability vehicles consequently declined by £4.9m.

⁹ Source: SMMT

Fleet & Commercial vehicle sales

The UK car fleet market has been the main driver of the increase in car registrations in the UK. This was aided by robust demand for BEV through the fleet channel driven by corporate tax incentives, and the push towards sustainability in corporate fleets. Registration volumes in the UK car fleet market have grown 9.7%¹⁰ in the Period compared to the six months ended 31 August 2023. Weakening retail demand and increased supply have led to increased registrations in the low margin daily rental space, which account for much of the growth seen in overall UK fleet registrations.

Like-for-like, the Group delivered 13,889 fleet cars in the Period, representing an increase of 6.6% compared to H1 FY24. The Group's performance was below the market trends as the Group kept pricing disciplines to maintain margin and did not undertake significant volumes of daily rental supply.

The Group saw a 15.0% decrease in the like-for-like volume of new commercial vehicles sold, with the market up 2.0%⁸ over the Period compared to the six months to 31 August 2023. The Group's performance against the market reflects strong performance in the comparative period. In recent periods, when the van market was severely supply constrained, the Group enjoyed much better supply and took market share with some significant large deals undertaken. A more normalised supply position in the van market has led this to this outperformance reversing. The Group had 4.6% of the UK van market in the Period. Like the car market, the daily rental sector has also grown substantially due to increased supply and the Group does not have a large share of this low margin supply channel. Despite the move in mix from Commercial to fleet car, an 8.1% increase arose in the average selling price of like-for-like fleet and commercial vehicles sold by the Group in the Period. This reflected an increase in higher value premium and BEV cars sold.

Pricing disciplines were maintained in the Period with, like-for-like gross profit per unit up to £1,271 (H1 FY24: £1,165) and gross margin remained stable at 5.2% despite higher average selling prices. Overall, like-for-like gross profit in the fleet and commercial channels pleasingly rose by £1.6m.

¹⁰ Source: SMMT

Used retail vehicles

A lower new retail market since 2020 has led to reduced numbers of three- to five-year-old used vehicles coming back in the market as part exchanges. This reduced supply of prime used car stock is exacerbated due to the weakness in the general private retail new car market in the Period. In contrast, increasing supply of nearly new vehicles from the demonstrator and pre-registration channels is also evident in the market, as expected in a period of new car supply exceeding demand.

Reduced overall used vehicle supply has helped to drive stability in overall used vehicle prices, with a 3-year, 60k mile car falling just 3.6% over the Period. This is low by historic standards. It is expected that reduced supply will continue to underpin strong residual values and therefore wholesale price stability in the months ahead, supporting used car margins. Indeed, there is recent evidence retail prices have started to rise. This contrasts with the position last year. The market has seen higher levels of depreciation in nearly new vehicles, especially of BEV product, reflecting the very strong offers in place from Manufacturers in the new car arena.

Despite the impact of cost of living and rising interest rates, for many, used vehicles remain a necessity purchase, so there remains consistent demand for used vehicles in the UK. In addition, there is evidence that higher new car prices and some reduced supply of non-BEV new cars, is leading some consumers to enter the used car market instead of the new car market so underpinning used car demand.

The Group monitors the pricing demand and supply environment and effectively applies its Vertu Insights real time pricing algorithm to optimise gross profit generation, stock turn and control inventory. The Period started with low levels of used vehicle inventory as the Group had reduced inventory at the end of FY24, following the significant wholesale pricing correction experienced in the second half of last year. Used vehicle inventory levels have increased over the Period from the low levels at 29 February 2024. The Group did not reduce used vehicle inventory ahead of the plate change month in September 2024 to ensure the Group had the appropriate stock levels for the resilient September market. Price stability also aided the judgement not to reduce stock levels. Used vehicle inventory levels were £21.4m below the level held at 31 August 2023.

Group like-for-like used vehicle volumes grew 3.9% in the Period. Like-for-like gross profit per unit of £1,509 was achieved which is broadly similar to the prior year (H1 FY24: £1,551) and up compared to H2 FY24 (£1,313). The slight moderation reflected the need to keep nearly new product (including ex-demonstrators) competitive against very strong new cars offers particularly in the Premium franchise space. A decline in average selling prices, following the price correction seen in H2 FY24 resulted in a slight strengthening of Core Group margin on the sale of used vehicles to 7.3% (H1 FY24: 7.2%). Core Group gross profit from the sale of used vehicles totalled £67.1m for the Period, this represented a £0.7m increase in Core Group gross profit generated from used vehicle sales year-on-year.

¹¹ Source: CAPHI: September 2024 Car market overview

Aftersales

The Group's high margin aftersales operations are a vital contributor to Group profitability, generating over 43% of total gross profit. Overall, compared to the six-month period ended 31 August 2023, the following like-for-like trends in aftersales performance were witnessed and the Core operations generated £7.1m more gross profit.

	Service	Parts	Accident & Smart Repair	Forecourt	Total
	£'m	£'m	£'m	£'m	£'m
Revenue ¹²	105.9	135.6	14.1	9.1	264.7
Revenue ¹² change	7.2	9.2	0.7	-	17.1
Revenue ¹² change (%)	7.4%	7.3%	5.0%	0.1%	6.9%
Gross profit change	5.5	0.8	0.7	0.1	7.1
Gross margin ¹³ H1 FY25 (%)	73.0%	21.5%	61.1%	8.3%	43.8%
Gross margin ¹³ H1 FY24 (%)	72.8%	22.4%	59.0%	7.5%	43.9%
Margin change (%)	0.2%	(0.9%)	2.0%	0.8%	(0.1%)

¹² includes internal and external revenues

¹³ Aftersales margin expressed on internal and external revenues

- *Service*

Vehicle service and repair remains a crucial and resilient profit driver for the Group, with like-for-like service revenue increasing by £7.2m (7.4%) during the Period. This growth was achieved across retail labour sales, service add-ons such as tyre sales and warranty labour sales.

Several key factors contributed to this strong performance. The Group's retention and reward strategies significantly reduced technician vacancies, which had previously limited our service capacity. Enhanced execution of the Group's vehicle health check process also led to greater identification of necessary repairs during customer visits. Additionally, the rollout of the Group's 'Pay Later' option, allowing customers to spread repair costs over 3-6 months interest-free, helped drive both the conversion of identified work and tyre sales to service customers. Together, these initiatives resulted in an increased average invoice value for the Group's service department compared to the same period last year.

Gross margin percentages on vehicle servicing were 73.0% (H1 FY24: 72.8%) in the Core Group reflecting the above impacts. This is impressive in light of the additional pay given to technicians to enhance recruitment and retention and shows the Group has been successful in improving technicians' efficiency and recovery rates. Gross profit generation in the Group's service departments rose on a like-for-like basis by £5.5m.

- *Parts*

The Group's extensive parts operations encompass traditional wholesale activities, agency distribution centres, online parts retailing, and accessory sales to dealership customers. These operations support not only the Group's service and accident repair businesses but also supply parts to external businesses and retail customers. Parts revenue, which exceeds that of the Service department, grew by £9.2m in the Core Group compared to last year, driven by increased vehicle service and repair activity and a growth in wholesale parts sales.

Gross margin percentages on parts declined to 21.5% (H1 FY24: 22.4%) in the Core Group, reflecting a shift towards a higher proportion of warranty parts sales which are billed to Manufacturers at lower margin. Gross profit generation in the Group's parts departments rose on a like-for-like basis by £0.8m.

- *Accident and Smart Repair*

The Group's accident repair centres and smart repair operations are managed separately from the dealership businesses in a standalone division. The Group has delivered a like-for-like 5.0% increase in revenues generated from the Group's accident and smart repair operations and a £0.7m increase in gross profit.

The Group's substantial smart repair operations have predominantly focused on the provision of services to the Group's extensive dealership network. During the Period, the Group expanded its Smart Repair operations into retail work, with the addition of nine vans from March 2024. These vans branded 'Repair Master', provide work to large fleet centres handling corporate hire return vehicles. Early trading has been very positive and further growth of this business is planned.

Acquisitions and Closures

Dealerships acquired or closed since 1 March 2023 have contributed an additional £0.3m operating loss in the Period compared to prior year, as summarised below:

	Acquisitions £'m	Closures £'m	Total £'m
H1 FY25			
Revenue	51.6	-	51.6
Gross Profit	5.3	-	5.3
Operating Loss	(0.8)	-	(0.8)
H1 FY24			
Revenue	6.5	24.8	31.3
Gross Profit	0.6	2.6	3.2
Operating Loss	(0.3)	(0.2)	(0.5)
H1 FY25 variance to H1 FY24			
Revenue	45.1	(24.8)	20.3
Gross Profit	4.7	(2.6)	2.1
Operating (Loss)/Profit	(0.5)	0.2	(0.3)

Acquisitions include a significant number of new start-up operations opened in the last 12 months by the Group. These have incurred start-up losses. These operations are anticipated to see reduce losses in the next 12 months and move to profitability. In the Period these operations lost £0.8m reflecting their immature nature.

Outlets closed in the last 12 months led to a year-on-year improvement of profit of £0.2m.

Operating Expenses

A summary of Core Group operating expenses is set out below:

	H1 FY25 £'m	H1 FY24 £'m	H1 FY25 Var to H1 FY24	
			£'m	%
Salary costs	132.0	124.1	7.9	6.4%
Vehicle and valeting costs	28.7	24.3	4.4	18.1%
Property costs and rates	27.7	27.9	(0.2)	(0.7%)
Marketing costs	17.9	20.0	(2.1)	(10.5%)
Energy costs	3.6	4.9	(1.3)	(26.5%)
Other	23.4	20.9	2.5	12.0%
Core Group operating expenses	233.3	222.1	11.2	5.0%
Acquisitions	6.1	0.9	5.2	
Disposals	-	2.8	(2.8)	
Total Group underlying operating expenses	239.4	225.8	13.6	6.0%

Core Group operating expenses totalled £233.3m in the Period representing an increase of £11.2m (5.0%) compared to H1 FY24. Dealerships acquired in the period since 1 March 2023, contributed a further £5.3m of operating expenses in the Period.

Salary costs represent 57% of Core Group operating expenses and are the biggest single cost to the Group. The salary costs included in operating expenses exclude the productive cost of the Group's aftersales technicians, which are reflected in cost of sales. Salary costs in operating expenses rose by £7.9m in the Period. The Group has been successful in increasing headcount of front-line colleagues in the business in part through reduced vacancies. Additional sales executive levels have helped to drive outperformance in the retail new car market. Considerable investment has further been made in service technicians and service apprentices to feed further aftersales growth. Cosmetic repair operations were also expanded. The operational impact of this investment in headcount will improve over time, as colleagues mature in their roles. Total salary costs due to these actions rose £4.8m in the Core Group. The impact of the rise in National Minimum Wage, together with consequent salary actions to aid recruitment and retention added £3.1m to salary costs in the Period. 24.3% of the Group's colleagues are now paid at or within 5% of National Minimum Wage and this (and its knock-on effects) are expected to continue in the coming periods.

The most significant year-on-year percentage cost increase in the Core Group arose in vehicle and valet costs. Vehicle costs include the cost of the Group's demonstration and courtesy car fleet.

Manufacturers extended model ranges, including more expensive BEV vehicles, have added cost to the Group's demonstrator fleet compared to the prior year period. This has been exacerbated by the impact of having to depreciate BEV cars on the fleet by enhanced monthly writedown rates reflecting market depreciation. Valet costs increased by 10.4% as a consequence of the increase in National Minimum Wage.

The Group delivered significant savings in Marketing costs which reduced by 10.5% and £2.1m. These savings arose due to a focus on return on investment, reducing costs per sale in a number of areas. This also reflected the decline in the new retail car market as advertising was right sized to reflect this and yet aided the delivery of a gain in market share. The Board believes that further marketing savings and efficiencies will arise following the rebrand of all outlets under the Vertu brand and the consequent reduction in websites and complexity.

Net Finance Charges

The movement in net finance charges is analysed below:

	H1 FY25	H1 FY24	H1 FY25 Var to H1 FY24
	£'m	£'m	£'000
Interest on bank borrowings	4.8	4.9	(0.1)
New vehicle Manufacturer stocking interest	4.5	3.3	1.2
Interest on lease liabilities	1.8	1.7	0.1
Used vehicle stock funding interest	0.3	0.7	(0.4)
Interest on bank deposits	(0.4)	(0.6)	0.2
Net finance income relating to defined benefit pension scheme	(0.1)	(0.1)	-
Net Finance Charges	10.9	9.9	1.0

The increase in overall net finance charges was largely driven by manufacturer new vehicle stocking interest, which increased £1.2m in the Period. Increased pipelines of new vehicle inventory, as retail sales have slowed and supply constraints have eased along with high rates of interest being charged and an increase in average new vehicle cost, have contributed to these increased charges in the Period. The trends started to reverse as H1 ended.

Interest on bank borrowings includes the cost of the 20-year mortgage facilities from BMW Financial Services, where £79.1m remains outstanding at 31 August 2024 (29 February 2024: £81.2m), as well as interest on the £44m drawn on the Group's revolving credit facility. Lower interest income on bank deposits reflected reduced cash on deposit levels.

Interest rate risk on the Group's borrowings is managed by interest rate cap contracts on £50m of mortgage borrowing and an interest rate swap over £30m of the revolving credit facility. On 9 September 2024 this swap was extended out to December 2026 reducing the underlying SONIA rate to 3.82% (previously 4.42%) which will reduce future interest costs.

Non-underlying items

	H1 FY25	H1 FY24
	£'m	£'m
Share-based payments charge	1.1	1.0
Amortisation	0.3	0.4
Redundancy costs	-	0.8
Lease surrender premium	-	(0.8)
	1.4	1.4

FY25 will be the first financial year where the share based payment charge in both the reporting and comparative period includes four years' worth of partnership share awards. Consequently, it is intended to reclassify the share based payment charge in the full year report and accounts to 28 February 2025 into underlying items, restating the FY24 comparative on the same basis. This is to reflect the expected stability in future share based payment charges. Given the immaterial nature of amortisation costs, these will also be treated as underlying in the full year accounts.

Pensions

The Group has a closed defined benefit scheme which remains fully funded and requires no ongoing cash contribution from the Company.

The Scheme invests in an LDI portfolio which aims to fully hedge the Scheme's interest rate and inflation risk to maintain this fully funded position.

The accounting surplus on the scheme at 31 August 2024 increased to £3.1m (29 February 2024: £2.5m).

Tax

The Group's underlying effective rate of tax for the Period was 25.9% (H1 FY24: 25.5%). The total tax charge for the Period was £6.1m (H1 FY24: £7.7m). Following a review by HMRC in the Period, the Group continues to be classified as "low risk" and takes a pro-active approach to minimising tax liabilities whilst ensuring it pays the appropriate level of tax to the UK Government.

Dividend

An interim dividend of 0.90p per share (H2 FY24: 0.85p) in respect of FY25 will be paid on 17 January 2025. The ex-dividend date will be 12 December 2024 and the associated record date 13 December 2024.

Cash Flows

The Period started with low levels of used vehicle inventory as the Group had reduced inventory at the end of FY24, following the significant wholesale pricing correction experienced in the second half of last year. The Group did not reduce used vehicle inventory ahead of the plate change month in September 2024 to ensure the Group had the appropriate stock levels for the resilient September market. This decision, aided by price stability of used vehicles, absorbed £21.5m of cash over the Period. Used vehicle inventory levels were, however, £21.4m lower than those at 31 August 2023.

In addition, a reduction in new vehicle lead times, as supply improved and order-banks reduced, saw a £14.9m reduction in retail customer vehicle deposits and fleet customer advance payments in respect of forward orders. These movements were the main drivers of a net cash outflow in respect of working capital in the Period of £38.8m. This led to a Free Cash Outflow in the Period of £14.3m (H1 FY24: Free Cash Outflow of £0.4m).

In the Period, the Group successfully disposed of one of the properties held for resale at 29 February 2024, delivering a cash inflow of £0.8m with proceeds equivalent to net book value. These sales proceeds have been deducted in arriving at net capital expenditure of £11.2m incurred in the Period. £7.2m of this total was incurred in respect of projects which add additional capacity to the Group. This included £3.0m of expenditure in building the Group's new Toyota dealership in Ayr, an investment in additional capacity in Exeter and Sunderland BMW and MINI and the addition of franchises into existing dealership sites. This £7.2m has therefore been excluded from the calculation of Free Cash Flow in the Period.

Gross capital expenditure for the full year FY25 is expected to be below the previous guidance of £31.8m, with net capital expenditure lower at £25.7m as a result of the property disposals completed or exchanged in the financial year to date. Further proceeds of £5.7m from the sale of surplus properties are expected but not included in the forecast.

In the financial year to date, the Group has continued to buy back shares, repurchasing approximately 3.3m shares, representing 1.0% of opening shares in issue, for a total cost of £2.4m. The Board believes that this is an appropriate use of capital and will continue a programme of Buybacks as a relevant element of returns to shareholders, alongside dividend payments. The Board has agreed a further £3m buyback programme for deployment once the current remaining authority of £0.6m is utilised. The Group has now purchased 15.9% of its share capital because of buyback programmes which have operated from FY18. £5.0m was spent on dividends in the Period due to the final dividend paid in respect of the year ended 29 February 2024.

Karen Anderson, CFO

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 31 August 2024

Six months ended 31 August 2024				Six months ended 31 August 2023			Year ended 29 February 2024		
Note	Underlying items	Non-underlying items (note 4)	Total	Underlying items	Non-underlying items (note 4)	Total	Underlying items	Non-underlying items (note 4)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	2,492,432	-	2,492,432	2,422,454	-	2,422,454	4,719,587	-	4,719,587
Cost of sales	(2,218,606)	-	(2,218,606)	(2,155,239)	-	(2,155,239)	(4,203,507)	-	(4,203,507)
Gross profit	273,826	-	273,826	267,215	-	267,215	516,080	-	516,080
Operating expenses	(239,491)	(1,394)	(240,885)	(225,787)	(1,354)	(227,141)	(456,845)	(3,194)	(460,039)
Operating profit / (loss)	34,335	(1,394)	32,941	41,428	(1,354)	40,074	59,235	(3,194)	56,041
Finance income	555	-	555	749	-	749	1,254	-	1,254
Finance costs	(11,429)	-	(11,429)	(10,672)	-	(10,672)	(22,728)	-	(22,728)
Profit before tax	23,461	(1,394)	22,067	31,505	(1,354)	30,151	37,761	(3,194)	34,567
Taxation	(6,067)	(45)	(6,112)	(8,029)	298	(7,731)	(9,430)	576	(8,854)
Profit for the period attributed to equity holders	17,394	(1,439)	15,955	23,476	(1,056)	22,420	28,331	(2,618)	25,713
Basic earnings per share (p)			4.77				6.58		
Diluted earnings per share (p)			4.44				6.16		
							7.60		
							7.11		

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 31 August 2024

		Six months ended 31 August 2024 £'000	Six months ended 31 August 2023 £'000	Year ended 29 February 2024 £'000
	Note			
Profit for the period		15,955	22,420	25,713
Other comprehensive income / (expense)				
Items that will not be reclassified to profit or loss:				
Actuarial gain / (loss) on retirement benefit obligations	10	608	(51)	(737)
Deferred tax relating to actuarial (gain)/loss on retirement benefit obligations		(152)	13	184
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges		(248)	941	116
Deferred tax relating to cash flow hedges		45	(215)	(29)
Other comprehensive income / (expense) for the period, net of tax		253	688	(466)
Total comprehensive income for the period attributable to equity holders		16,208	23,108	25,247

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31 August 2024

		31 August 2024 £'000	31 August 2023 £'000	29 February 2024 £'000
	Note			
Non-current assets				
Goodwill and other indefinite life assets	12	129,332	127,462	129,092
Other intangible assets		1,705	2,105	1,971
Retirement benefit asset	10	3,060	3,129	2,477
Property, plant and equipment		339,024	331,085	335,295
Right of use assets		81,527	74,600	72,886
Derivative financial instruments		-	1,365	203
		554,648	539,746	541,924
Current assets				
Inventories		785,718	694,493	761,996
Trade and other receivables		86,897	89,740	93,702
Current tax assets		-	-	203
Cash and cash equivalents		38,649	47,885	70,599
		911,264	832,118	926,500
Property assets held for sale		7,780	4,984	7,881
Total current assets		919,044	837,102	934,381
Total assets		1,473,692	1,376,848	1,476,305
Current liabilities				
Trade and other payables		(850,196)	(750,743)	(869,931)
Current tax liabilities		(1,547)	(978)	-
Contract liabilities		(11,662)	(13,528)	(13,400)
Borrowings		(4,395)	(16,033)	(4,395)
Lease liabilities		(19,272)	(9,706)	(17,710)
Total current liabilities		(887,072)	(790,988)	(905,436)
Non-current liabilities				
Borrowings		(118,129)	(122,536)	(120,183)
Lease liabilities		(72,250)	(75,092)	(65,214)
Deferred income tax liabilities		(23,036)	(20,701)	(22,024)
Contract liabilities		(9,956)	(11,963)	(10,075)
Total non-current liabilities		(223,371)	(230,292)	(217,496)
Total liabilities		(1,110,443)	(1,021,280)	(1,122,932)
Net assets		363,249	355,568	353,373
Capital and reserves attributable to equity holders of the Group				
Ordinary share capital		33,452	34,157	33,760
Share premium		124,939	124,939	124,939
Other reserve		10,645	10,645	10,645
Hedging reserve		17	859	220
Treasury share reserve		(3,175)	(2,143)	(2,056)
Capital redemption reserve		6,275	5,570	5,967
Retained earnings		191,096	181,541	179,898
Total equity		363,249	355,568	353,373

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 31 August 2024

		Six months ended 31 August 2024 £'000	Six months ended 31 August 2023 £'000	Year ended 29 February 2024 £'000
	Note			
Cash flows from operating activities				
Operating profit		32,941	40,074	56,041
Profit on sale of property, plant and equipment		(58)	(468)	(516)
Loss / (profit) on lease modification		67	(547)	(411)
Amortisation of intangible assets		284	408	568
Depreciation of property, plant and equipment		8,590	8,515	17,449
Depreciation of right of use assets		10,597	8,895	18,254
Impairment charges		-	-	128
Movement in working capital	11	(38,849)	(29,973)	16,708
Share based payments charge		900	777	1,965
Cash inflow from operations		14,472	27,681	110,186
Tax received		1,291	7	552
Tax paid		(4,748)	(3,724)	(5,296)
Finance income received		495	475	1,099
Finance costs paid		(11,198)	(9,803)	(22,576)
Net cash inflow from operating activities		312	14,636	83,965
Cash flows from investing activities				
Acquisition of businesses, net of cash, overdrafts and borrowings acquired	9	(1,030)	-	(5,966)
Acquisition of freehold and long leasehold land and buildings		-	(2,084)	(3,003)
Disposal of businesses		-	204	204
Purchases of intangible assets		(19)	(100)	(253)
Purchases of other property, plant and equipment		(11,953)	(11,864)	(23,686)
Proceeds from disposal of property, plant and equipment		800	2,239	3,589
Net cash outflow from investing activities		(12,202)	(11,605)	(29,115)
Cash flows from financing activities				
Repayment of borrowings	8	(2,188)	(15,976)	(29,836)
Principal elements of lease repayments		(10,640)	(8,461)	(18,183)
Sale of treasury shares		34	91	-
Purchase of treasury shares		-	-	115
Cash settled share options		-	(109)	(109)
Repurchase of own shares		(2,234)	(4,762)	(7,463)
Dividends paid to equity holders		(5,032)	(4,913)	(7,759)
Net cash outflow from financing activities		(20,060)	(34,130)	(63,235)
Net decrease in cash and cash equivalents	8	(31,950)	(31,099)	(8,385)
Cash and cash equivalents at beginning of period		70,599	78,984	78,984
Cash and cash equivalents at end of period		38,649	47,885	70,599

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 31 August 2024

	Ordinary share capital	Share premium	Other reserve	Hedging reserve	Treasury share reserve	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 March 2024	33,760	124,939	10,645	220	(2,056)	5,967	179,898	353,373
Profit for the period	-	-	-	-	-	-	15,955	15,955
Actuarial gains on retirement benefit obligations	-	-	-	-	-	-	608	608
Tax on items taken directly to equity	-	-	-	45	-	-	(152)	(107)
Fair value losses	-	-	-	(248)	-	-	-	(248)
Total comprehensive income for the period	-	-	-	(203)	-	-	16,411	16,208
Sale of treasury shares	-	-	-	-	(1,119)	-	1,153	34
Cancellation of repurchased shares	(308)	-	-	-	-	308	-	-
Repurchase of own shares	-	-	-	-	-	-	(2,234)	(2,234)
Dividends paid	-	-	-	-	-	-	(5,032)	(5,032)
Share based payments charge	-	-	-	-	-	-	900	900
As at 31 August 2024	33,452	124,939	10,645	17	(3,175)	6,275	191,096	363,249

The repurchase of own shares in the period was made pursuant to the share buyback programmes announced on 13 June 2023 and 9 October 2023.

3,082,017 ordinary shares to the value of £2,234,000 had been repurchased in the six months ended 31 August 2024. These shares were cancelled immediately and accordingly, the nominal value of these shares has been transferred to the capital redemption reserve.

The 'Other reserve' is a merger reserve, arising from shares issued as consideration to the former shareholders of acquired companies.

For the six months ended 31 August 2023

	Ordinary share capital	Share premium	Other reserve	Hedging reserve	Treasury share reserve	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 March 2023	34,894	124,939	10,645	133	(2,653)	4,833	168,586	341,377
Profit for the period	-	-	-	-	-	-	22,420	22,420
Actuarial losses on retirement benefit obligations	-	-	-	-	-	-	(51)	(51)
Tax on items taken directly to equity	-	-	-	(215)	-	-	13	(202)
Fair value gains	-	-	-	941	-	-	-	941
Total comprehensive income for the period	-	-	-	726	-	-	22,382	23,108
Sale of treasury shares	-	-	-	-	510	-	(419)	91
Purchase of treasury shares	-	-	-	-	-	-	-	-
Cancellation of repurchased shares	(737)	-	-	-	-	737	-	-
Repurchase of own shares	-	-	-	-	-	-	(4,762)	(4,762)
Dividends paid	-	-	-	-	-	-	(4,913)	(4,913)
Share based payments charge	-	-	-	-	-	-	667	667
As at 31 August 2023	34,157	124,939	10,645	859	(2,143)	5,570	181,541	355,568

For the year ended 29 February 2024

	Ordinary share capital	Share premium	Other reserve	Hedging reserve	Treasury share reserve	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 March 2023	34,894	124,939	10,645	133	(2,653)	4,833	168,586	341,377
Profit for the year	-	-	-	-	-	-	25,713	25,713
Actuarial losses on retirement benefit obligations	-	-	-	-	-	-	(737)	(737)
Tax on items taken directly to equity	-	-	-	(29)	-	-	184	155
Fair value gains	-	-	-	116	-	-	-	116
Total comprehensive income for the year	-	-	-	87	-	-	25,160	25,247
Sale of treasury shares	-	-	-	-	597	-	(482)	115
Purchase of treasury shares	-	-	-	-	-	-	-	-
Issuance of treasury shares	-	-	-	-	-	-	-	-
Repurchase of own shares	-	-	-	-	-	-	(7,463)	(7,463)
Cancellation of repurchased shares	(1,134)	-	-	-	-	1,134	-	-
Dividends paid	-	-	-	-	-	-	(7,759)	(7,759)
Share based payments charge	-	-	-	-	-	-	1,856	1,856
As at 29 February 2024	33,760	124,939	10,645	220	(2,056)	5,967	179,898	353,373

NOTES

For the six months ended 31 August 2024

1. Basis of preparation

Vertu Motors plc is a Public Limited Company which is quoted on the AiM Market and is incorporated and domiciled in the United Kingdom. The address of the registered office is Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne and Wear, NE11 0XA. The registered number of the Company is 05984855.

The financial information for the period ended 31 August 2024 and similarly the period ended 31 August 2023 has neither been audited nor reviewed by the auditors. The financial information for the year ended 29 February 2024 has been based on information contained in the audited financial statements for that year.

The information for the year ended 29 February 2024 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The Auditors' Report on those accounts was not qualified under section 498 of the Companies Act 2006.

2. Accounting policies

In line with International Accounting Standard 34 and the Disclosure and Transparency Rules of the Financial Conduct Authority, these condensed interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 29 February 2024.

3. Segmental information

The Group adopts IFRS 8 "Operating Segments", which determines and presents operating segments based on information provided to the Group's Chief Operating Decision Maker ("CODM"), Robert Forrester, Chief Executive Officer. The CODM receives information about the Group overall and therefore there is one operating segment.

The CODM assesses the performance of the operating segment based on a measure of both revenue and gross margin. However, to increase transparency, the Group has included below an additional voluntary disclosure analysing revenue and gross margin within the reportable segment.

Six months ended 31 August 2024	Revenue £'m	Revenue Mix %	Gross Profit £'m	Gross Profit Mix %	Gross Margin %
Aftersales ¹⁴	224.5	9.0	118.5	43.3	43.8
Used vehicles	950.6	38.1	68.7	25.1	7.2
New retail and Motability	771.8	31.0	58.4	21.3	7.6
New fleet & commercial	545.5	21.9	28.2	10.3	5.2
Total	2,492.4	100.0	273.8	100.0	11.0
Six months ended 31 August 2023	Revenue £'m	Revenue Mix %	Gross Profit £'m	Gross Profit Mix %	Gross Margin %
Aftersales ¹⁴	205.1	8.5	110.0	41.2	43.8
Used vehicles	947.8	39.1	67.4	25.2	7.1
New retail and Motability	744.0	30.7	63.0	23.6	8.5
New fleet & commercial	525.6	21.7	26.8	10.0	5.1
Total	2,422.5	100.0	267.2	100.0	11.0
Year ended 29 February 2024	Revenue £'m	Revenue Mix %	Gross Profit £'m	Gross Profit Mix %	Gross Margin %
Aftersales ¹⁴	413.5	8.7	218.4	42.3	43.5
Used vehicles	1,816.2	38.5	122.5	23.7	6.7
New retail and Motability	1,452.5	30.8	119.6	23.2	8.2
New fleet & commercial	1,037.4	22.0	55.6	10.8	5.4
Total	4,719.6	100.0	516.1	100.0	10.9

¹⁴ Aftersales margin expressed on internal and external revenue

4. Non-underlying items

	Six months ended 31 August 2024 £'000	Six months ended 31 August 2023 £'000	Year ended 29 February 2024 £'000
Impairment charges	-	-	(128)
Redundancy costs	-	(778)	(872)
Lease surrender premium	-	845	840
Share based payment charge	(1,110)	(1,013)	(2,466)
Amortisation	(284)	(408)	(568)
Non-underlying loss before tax	(1,394)	(1,354)	(3,194)
Non-underlying taxation charge	(45)	298	576
Non-underlying loss after tax	(1,439)	(1,056)	(2,618)

5. Finance income and costs

	Six months ended 31 August 2024 £'000	Six months ended 31 August 2023 £'000	Year ended 29 February 2024 £'000
Interest on short-term bank deposits	413	672	1,099
Net finance income relating to Group pension scheme	60	77	155
Other interest	82	-	-
Finance income	555	749	1,254
Bank loans and overdrafts	(4,897)	(4,885)	(9,924)
Vehicle stocking interest	(4,693)	(4,054)	(9,347)
Lease liability interest	(1,839)	(1,733)	(3,457)
Finance costs	(11,429)	(10,672)	(22,728)

6. Taxation

The Group's underlying effective rate of tax is 25.9% (H1 FY24: 25.5%), which is higher than the standard rate of corporation tax in the UK as a result of the impact of non-qualifying depreciation and non-deductible expenses. The overall effective tax rate of 27.7% (H1 FY24: 25.7%) includes tax on non-underlying items. The Group continues to be classified as "low risk" by HMRC and takes a proactive approach to minimising tax liabilities whilst ensuring it pays the appropriate level of tax to the UK Government.

7. Earnings per share

Basic and diluted earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares during the period or the diluted weighted average number of ordinary shares in issue in the period.

The Group only has one category of potentially dilutive ordinary shares, which are share options. A calculation has been undertaken to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Group's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Adjusted earnings per share is calculated by dividing the adjusted earnings attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period.

	Six months ended 31 August 2024 £'000	Six months ended 31 August 2023 £'000	Year ended 29 February 2024 £'000
Profit attributable to equity shareholders	15,955	22,420	25,713
Non-underlying loss after tax items	1,439	1,056	2,618
Underlying earnings attributable to equity shareholders	17,394	23,476	28,331
Weighted average number of shares in issue ('000s)	334,324	340,685	338,355
Potentially dilutive shares ('000s)	25,137	23,253	23,376
Diluted weighted average number of shares in issue ('000s)	359,461	363,938	361,731
Basic earnings per share	4.77p	6.58p	7.60p
Diluted earnings per share	4.44p	6.16p	7.11p
Underlying earnings per share	5.20p	6.89p	8.37p
Diluted underlying earnings per share	4.84p	6.45p	7.83p

At 31 August 2024, there were 334,520,133 shares in issue (including 2,001,184 held by the Group's employee benefit trust).

8. Reconciliation of net cash flow to movement in net debt

	31 August 2024 £'000	31 August 2023 £'000	29 February 2024 £'000
Net decrease in cash and cash equivalents	(31,950)	(31,099)	(8,385)
Cash outflow from repayment of borrowings	2,188	15,976	29,836
Cash movement in net debt	(29,762)	(15,123)	21,451
Capitalisation of loan arrangement fees	-	-	186
Amortisation of loan arrangement fees	(117)	(85)	(184)
Increase in accrued loan interest	(17)	(121)	(76)
Non-cash movement in net debt	(134)	(206)	(74)
Movement in net debt (excluding lease liabilities)	(29,896)	(15,329)	21,377
Opening net debt (excluding lease liabilities)	(53,979)	(75,356)	(75,356)
Closing net debt (excluding lease liabilities)	(83,875)	(90,685)	(53,979)
Opening lease liabilities	(82,924)	(83,457)	(83,457)
Capitalisation of new leases	(20,063)	(11,953)	(20,586)
Disposal of lease liabilities	825	2,152	2,936
Interest element of lease repayments	(1,839)	(1,732)	(3,457)
Cash outflow from lease repayments	12,479	10,193	21,640
Closing lease liabilities	(91,522)	(84,797)	(82,924)
Closing net debt (including lease liabilities)	(175,397)	(175,482)	(136,903)

9. Acquisitions

On 22 July 2024, the Group acquired the trade and assets of a Honda car dealership in Exeter from Hendy Group Limited. Total consideration of £1,030,000 was settled from the Group's cash resources.

10. Retirement benefit asset

The Group operates a trust based defined benefit pension scheme, "Bristol Street Pension Scheme", which has three defined benefit sections which were closed to new entrants and future accrual on 31 May 2003, with another section closed to new entrants in July 2003 and future accrual in October 2013. The Group has applied IAS 19 (revised) to the scheme. The scheme remains fully funded and in surplus on the accounting basis.

During the six month period ended 31 August 2024, there have been changes in the financial and demographic assumptions underlying the calculation of the liabilities. In particular, inflation assumptions are lower and life expectancy assumptions have been modified. The effect of these changes in assumptions was a decrease in liabilities of £439,000. The performance of the growth assets within the scheme investment portfolio meant that the period also saw an increase in the market value of scheme assets of £144,000. In total, an actuarial gain of £608,000 was recognised in the Consolidated Statement of Comprehensive Income.

11. Cash flow from movement in working capital

The following table reconciles the movement in balance sheet headings to the movement in working capital as presented in the Consolidated Cash Flow Statement.

For the six months ended 31 August 2024

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total working capital movement £'000
Trade and other payables			(850,196)	
Contract liabilities			(21,618)	
At 31 August 2024	785,718	86,897	(871,814)	
At 29 February 2024	761,996	93,702	(893,407)	
Balance sheet movement	(23,722)	6,805	(21,593)	
Acquisitions	734	48	(24)	
Movement excluding business combinations	(22,988)	6,853	(21,617)	(37,752)
Pension related balances				85
Increase in capital creditor				(1,039)
Increase in interest accrual				(16)
Derivative financial instruments				(127)
Movement in working capital				(38,849)

For the six months ended 31 August 2023

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total working capital movement £'000
Trade and other payables			(750,743)	
Contract liabilities			(25,491)	
At 31 August 2023	694,493	89,740	(776,234)	
At 28 February 2023	674,380	86,316	(784,175)	
Balance sheet movement	(20,113)	(3,424)	(7,941)	
Acquisitions	(104)	(27)	9	
Movement excluding business combinations	(20,217)	(3,451)	(7,932)	(31,600)
Pension related balances				85
Decrease in capital creditor				1,925
Increase in interest accrual				(383)
Movement in working capital				(29,973)

For the year ended 29 February 2024

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total working capital movement £'000
Trade and other payables			(869,931)	
Contract liabilities			(23,475)	
At 29 February 2024	761,996	93,702	(893,406)	
At 28 February 2023	674,380	85,827	(784,175)	
Balance sheet movement	(87,616)	(7,875)	109,231	
Acquisitions	4,199	281	(2,661)	
Deferred consideration	-	-	(250)	
Disposals	(104)	(27)	9	
Movement excluding business combinations	(83,521)	(7,621)	106,329	15,187
Pension related balances				129
Decrease in capital creditor				1,049
Decrease in interest accrual				61
Derivative financial instruments				282
Movement in working capital				16,708

12. Goodwill and other indefinite life assets

	31 August 2024 £'000	31 August 2023 £'000	29 February 2024 £'000
Goodwill	85,429	83,559	85,189
Other indefinite life assets – Franchise relationships	43,903	43,903	43,903
At end of period	129,332	127,462	129,092

13. Risks and uncertainties

There are certain risk factors which could result in the actual results of the Group differing materially from expected results. These factors include: failure to deliver on the strategic goal of the Group to acquire and consolidate UK motor retail businesses, failure to meet competitive challenges to our business model or sector, advances in vehicle technology providing customers with mobility solutions which bypass the dealer network, inability to maintain current high quality relationships with Manufacturer partners, economic conditions impacting trading, market driven fluctuations in used vehicle values, litigation and regulatory risk, failure to comply with health and safety policy, failure to attract, develop and retain talent, failure of Group information and telecommunication systems, malicious cyber-attack, availability of credit and vehicle financing, use of estimates, currency risk, impact of the transition to lower emission alternatives, changes in cost base driven by climate goals and other climate related physical risks.

All of the above principal risks are consistent with those detailed in the Annual Report for the year ended 29 February 2024.

The Board continually review the risk factors which could impact on the Group achieving its expected results and confirm that the above principal factors will remain relevant for the final six months of the financial year ending 28 February 2025.

ALTERNATIVE PERFORMANCE MEASURES

Set out below are the definitions and sources of various alternative performance measures which are referred to throughout the Interim Financial Report. All financial information provided is in respect of the Vertu Motors plc Group.

Definitions

Like-for-like	Dealerships that have comparable trading periods in two consecutive financial years, only the comparable period is measured as “like-for-like”.
H1 FY25	The six month period ended 31 August 2024.
H1 FY24	The six month period ended 31 August 2023.
Adjusted	Adjusted for amortisation of intangible assets, share based payment charges and other non-underlying items as these are unconnected with the ordinary business of the Group.
Aftersales gross margin	Aftersales gross margin compares the gross profit earned from aftersales activities to total aftersales revenues, including internal revenue relating to service and vehicle preparation work performed on the Group’s own vehicles. This is to properly reflect the real activity of the Group’s aftersales departments.

Alternative Performance Measures

Adjusted Profit Before Tax (PBT)

	Six months ended 31 August 2024 £'000	Six months ended 31 August 2023 £'000
Profit before tax	22,067	30,151
Share based payment charge	1,110	1,013
Amortisation	284	408
Redundancy costs	-	778
Lease surrender premium	-	(845)
Adjusted PBT	23,461	31,505

Free Cash Flow

	Six months ended 31 August 2024 £'000	Six months ended 31 August 2023 £'000
Net cash inflow from operating activities	312	14,636
Purchase of other property, plant and equipment	(11,953)	(11,864)
Enhancement capital expenditure included in above	7,174	3,121
Purchase of intangible assets	(19)	(100)
Proceeds from disposal of property, plant and equipment	800	2,239
Principal elements of lease repayments	(10,640)	(8,461)
Free Cash Flow	(14,326)	(429)

Tangible net assets per share

	31 August 2024 £'000	29 February 2024 £'000
Net assets	363,249	353,373
<i>Less:</i>		
Goodwill and other indefinite life assets	(129,332)	(129,092)
Other intangible assets	(1,705)	(1,971)
<i>Add:</i>		
Deferred tax on above adjustments	12,774	12,668
Tangible net assets	244,986	234,978
Tangible net assets per share	73.7p	70.5p

At 31 August 2024, there were 334,520,133 shares in issue (29 February 2024: 337,602,150), of which 2,001,184 were held by the Group's employee benefit trust (29 February 2024: 4,391,449). Rights to dividends on shares held in the Group's employee benefit trust have been waived and therefore such shares are not included in the tangible net asset per share calculation.

Like-for-like reconciliations:**Revenue by department**

	H1 FY25 Group revenue £'m	Acquisitions revenue £'m	Disposals revenue £'m	H1 FY25 Like-for-like revenue £'m
New retail and Motability	771.8	(17.7)	-	754.1
New fleet and commercial	545.5	(3.8)	-	541.7
Used vehicles	950.6	(25.7)	-	924.9
Aftersales	224.5	(4.4)	-	220.1
Total revenue	2,492.4	(51.6)	-	2,440.8

	H1 FY24 Group revenue £'m	Acquisitions revenue £'m	Disposals revenue £'m	H1 FY24 Like-for-like revenue £'m
New retail and Motability	744.0	-	(6.1)	737.9
New fleet and commercial	525.6	-	(3.7)	521.9
Used vehicles	947.8	(6.3)	(13.1)	928.4
Aftersales	205.1	(0.2)	(1.9)	203.0
Total revenue	2,422.5	(6.5)	(24.8)	2,391.2

Gross profit by department

	H1 FY25			H1 FY25
	Group gross	Acquisitions	Disposals	Like-for-like
	profit	gross profit	gross profit	gross profit
	£'m	£'m	£'m	£'m
New retail and Motability	58.4	(0.9)	-	57.5
New fleet and commercial	28.2	(0.1)	-	28.1
Used vehicles	68.6	(1.5)	-	67.1
Aftersales	118.6	(2.8)	-	115.8
Total gross profit	273.8	(5.3)	-	268.5

	H1 FY24			H1 FY24
	Group gross	Acquisitions	Disposals	Like-for-like
	profit	gross profit	gross profit	gross profit
	£'m	£'m	£'m	£'m
New retail and Motability	63.0	-	(0.6)	62.4
New fleet and commercial	26.8	-	(0.3)	26.5
Used vehicles	67.4	(0.4)	(0.6)	66.4
Aftersales	110.0	(0.2)	(1.1)	108.7
Total gross profit	267.2	(0.6)	(2.6)	264.0

The Daily Telegraph: Petrol cars 'rationed to meet eco targets'

03/09/2024 16:32



The Daily Telegraph: Petrol cars 'rationed to meet eco targets'

The Daily Telegraph, Tuesday 3rd September 2024: Petrol cars 'rationed to meet eco targets'

Warning comes as consumer demand for expensive electric cars continues to wane.

Car makers are rationing sales of petrol and hybrid vehicles in Britain to avoid hefty net zero fines, according to one of the country's biggest dealership chains.

Robert Forrester, chief executive of Vertu Motors, said manufacturers were delaying deliveries of cars until next year amid fears they will otherwise breach quotas set for them by the Government.

This means someone ordering a car today at some dealerships will not receive it until February, he said.

At the same time, Mr Forrester warned manufacturers and dealers were grappling with a glut of more expensive electric vehicles (EVs) that are "not easily finding homes".

He said: "In some franchises there's a restriction on supply of petrol cars and hybrid cars, which is actually where the demand is.

"It's almost as if we can't supply the cars that people want, but we've got plenty of the cars that maybe they don't want.

"They [manufacturers] are trying to avoid the fines. So they're constraining the ability for us to supply petrol cars in order to try and keep to the government targets."

The chief executive blamed the zero emission vehicle (ZEV) mandate, which requires at least 22pc of cars sold by manufacturers to be electric from this year.

This target will gradually rise each year before reaching 80pc in 2030, with manufacturers made to pay £15,000 for every petrol car that exceeds their quota – unless they have so-called carbon credits to spend. But the scheme has prompted stark warnings from bosses at major brands, such as Vauxhall owner Stellantis and Ford, which have said they cannot sacrifice profits by selling EVs at large discounts indefinitely. Instead, they have previously warned they may be forced to restrict petrol car supplies to artificially boost their ZEV mandate performance.

The warning from Vertu is the first confirmation that carmakers have now begun doing so.

Mr Forrester added that although some people might cheer falling electric car prices, supporters of the ZEV mandate in its current form were "economic buffoons, because car manufacturers are being forced to discount EVs to such an extent that they're making losses... and that is not a good thing for business".

He said: “What the Government’s actually doing is constraining the new car market, which has a big impact on VAT receipts for them, and creates a business environment in the UK where manufacturers may question whether they want to make cars here.

“As Carlos Tavares [chief executive of Stellantis] has said, why should they sell cars at a loss because of UK government policy?

“The new car market is no longer a market, unfortunately. It’s a state-imposed supply chain.”

His comments came as Vertu said it expected lower first half profits as demand for new cars and more expensive electric vehicles remained under pressure. The group, which has 192 showrooms and after-sales sites across the UK, said new car sales by volume fell 5.8pc in the five months to July 31.

By contrast, Vertu says there is strong demand for used cars with September expected to be a particularly busy month.

Mr Forrester’s warning comes after the Society for Motor Manufacturers and Traders (SMMT), which represents car makers, slashed its forecast for electric car sales this year amid the ongoing slowdown in demand.

The group now predicts electric vehicles (EVs) will account for 18.5pc of the new car market in 2024, down from an earlier prediction of 19.8pc.

EV registrations surged higher in July but sales to private consumers continued to slump.

Mike Hawes, chief executive of the SMMT, said the weakening demand for EVs among private consumers – despite heavy discounting by car makers – remained the industry’s “overriding concern”.

PEV Sales by Size (updated through September 2024)

Size	2024 Sales % of PEVs	
Two seater	0	0.0%
Minicompact	0	0.0%
Subcompact	1,946	0.2%
Compact	28,945	2.5%
Midsize	138,328	12.2%
Large	84,399	7.4%
Small Station Wagons	23,049	2.0%
Standard SUV	175,743	15.4%
Minivan	61,645	5.4%
Small SUV	575,482	50.6%
Pickup	47,968	4.22%
Total	1,137,505	100.0%

(BN) Repsol Halts Green Hydrogen Projects Due to Spanish Windfall Tax

2024-10-21 12:40:15.567 GMT

By Thomas Gualtieri

(Bloomberg) -- Repsol has decided to halt all its renewable hydrogen projects in Spain after the government said it's considering making a controversial windfall tax on energy companies permanent.

The Madrid-based oil producer will hold back on plans to build so-called electrolyzers with a total capacity of 350 megawatts, a spokesperson for the company told Bloomberg News.

The projects were nearing investment decisions, the representative said.

The move comes after Spanish Economy Minister Carlos Cuerpo said the cabinet is considering indefinitely extending a levy on the domestic revenue of energy companies. The tax, approved in 2022 to fund measures to curb the impact of a cost-of-living crisis, sparked criticism that it would make Spanish companies less competitive.

European fuel producers are seeking to use green hydrogen to reduce their carbon emissions. The gas is an essential part of oil refining, used to take impurities out of fuels.

Spain aims to reach 12 gigawatts of electrolyzer capacity by the end of the decade, according to the National Climate Plan submitted last month to the European Commission. The technology allows the use of renewable power to break up water molecules into hydrogen and oxygen.

Last year, Repsol kicked off its renewable hydrogen production with the start of a 2.5 megawatts facility built mainly to supply one of its refineries near the northern city of Bilbao.

That project cost €11 million (\$11.9 million) and was meant to be the first step of a plan that included a 100 megawatt unit in the following years. Repsol had already signaled it could scale back investments in its home market, citing a lack of regulatory stability.

Repsol isn't the only active player in the Spanish green hydrogen industry. The country's second-largest refiner Cepsa

SA, which is controlled by Abu Dhabi sovereign wealth fund Mudabala, unveiled in 2022 a €3 billion investment to build a green hydrogen hub in the southern region of Andalusia, while utility giant Iberdrola SA announced in September a joint venture with BP Plc to develop a 25 megawatt project at a BP refinery in the Mediterranean city of Castellon.

--With assistance from Rachel Graham.

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To view this story in Bloomberg click here:

<https://blinks.bloomberg.com/news/stories/SLP4YQDWX2PS>

Uniper CEO Green Projects Beyond 2030: FAZ
2024-10-10 20:05:33.431 GMT

By Monica Raymunt

(Bloomberg) -- Uniper SE said a lack of demand is forcing the German utility to postpone €8 billion-worth (\$8.7 billion) of investments into green hydrogen and other emissions-friendly technology beyond 2030.

“We must not ignore developments in our business environment,” Chief Executive Officer Michael Lewis said in an interview with Germany’s Frankfurter Allgemeine Zeitung. The company had planned to invest €8 billion by the end of the decade, but Lewis said reaching that target will “probably take a few years longer,” namely until “the early 2030s.”

“We cannot invest where we don’t expect a good return,” Lewis said, adding delays were necessary due in part to lacking demand for green hydrogen. “There are hardly any major customers who buy green hydrogen. That’s why we have to put the brakes on a bit.”

Read More: Germany Said to Tap Citi, Deutsche Bank, UBS for Uniper Deal

Uniper had previously said it wanted 80% of its installed generating capacity to be emissions-free by 2030, and that it would end coal-fired power generation by 2029 at the latest.

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EUROPEAN COURT OF AUDITORS

Renewable hydrogen-powered EU: auditors call for a reality check

16/07/2024

Energy, environment and climate action

Research and innovation

- 2030 goals for renewable hydrogen production and demand were overly ambitious
- Chicken-and-egg problem: supply depends on demand, and vice versa
- Risk of less competitive key industries and new strategic dependencies

The EU has had mixed success in providing the building blocks for the emerging renewable hydrogen market, according to a report by the European Court of Auditors. While the European Commission has taken a number of positive steps, challenges remain all along the hydrogen value chain, and the EU is unlikely to meet its 2030 targets for the production and import of renewable hydrogen. The auditors call for a reality check to ensure that the EU's targets are realistic, and that its strategic choices on the way ahead will not impair the competitiveness of key industries or create new dependencies.

Renewable or “green” hydrogen carries significant implications for the future of key EU industries, as it can help to decarbonise especially hard-to-electrify sectors such as steel production, petrochemicals, cement, and fertilisers. It can also help the EU to meet its 2050 climate goals of zero carbon emissions and further reduce the EU's reliance on Russian fossil fuels.

“The EU's industrial policy on renewable hydrogen needs a reality check,” said Stef Blok, the ECA Member in charge of the audit. *“The EU should decide on the strategic way forward towards decarbonisation without impairing the competitive situation of key EU industries or creating new strategic dependencies.”*

To start with, the Commission set overly ambitious targets for the production and import of renewable hydrogen, i.e. 10 million tonnes each by 2030. These targets were not based on a robust analysis, but were driven by political will. Moreover, achieving them has had a bumpy start. Firstly, member states' differing ambitions were not always aligned with the targets. Secondly, in coordinating with the member states and industry, the Commission failed to ensure that all parties were pulling in the same direction.

On the other hand, the auditors give credit to the Commission for proposing most legal acts within a short period of time: the legal framework is almost complete, and has provided certainty that is key to establishing a new market. However, agreeing on the rules that define renewable hydrogen took time, and many investment decisions were deferred. Project developers also defer investment decisions because supply depends on demand, and vice versa.

Building up an EU hydrogen industry requires massive public and private investment, but the Commission does not have a full overview of needs or of the public funding available. At the same time, EU funding – estimated by the auditors at 18.8 billion euros for the 2021-2027 period – is scattered between several programmes, thus making it difficult for companies to determine the type of funding best suited for a given project. The bulk of EU funding is used by those member states with a high share of hard-to-decarbonise industry, and which are also more advanced in terms of planned projects, i.e. Germany, Spain, France, and the Netherlands. However, there is still no guarantee that the EU's hydrogen production potential can be fully harnessed, or that public funding will allow the EU to transport green hydrogen across the bloc from countries with good production potential to those with high industrial demand.

The auditors call on the Commission to update its hydrogen strategy, based on a careful assessment of three important areas: how to calibrate market incentives for renewable hydrogen production and use; how to prioritise scarce EU funding and which parts of the value chain to focus on; and which industries the EU wants to keep and at what price, given the geopolitical implications of EU production compared to imports from non-EU countries.

Background information

Hydrogen can be produced in different ways, e.g. from water using electricity (electrolysis), or from (reforming) natural gas. Renewable hydrogen – i.e. hydrogen produced using either renewable electricity or biomass – is one way to make the EU's heavy industries climate-friendly.

However, renewable hydrogen comes with its own challenges, including the cost of production, and the need for renewable electricity and water. In 2022, hydrogen accounted for less than 2 % of Europe's energy consumption, with the largest share of demand coming from refineries. According to the report, the demand that is expected to be stimulated will not even reach 10 million tonnes by 2030, let alone the 20 million tonnes initially envisaged by the Commission. The auditors also note that, as things stand, there is no overall EU hydrogen import strategy.

Special report 11/2024, "The EU's industrial policy on renewable hydrogen: legal framework has been mostly adopted – time for a reality check", is available on the ECA website. The ECA has previously issued several reports on the EU's industrial policy, including on energy storage technologies and on batteries.

Related links

End of the Hydrogen Hype Cycle?

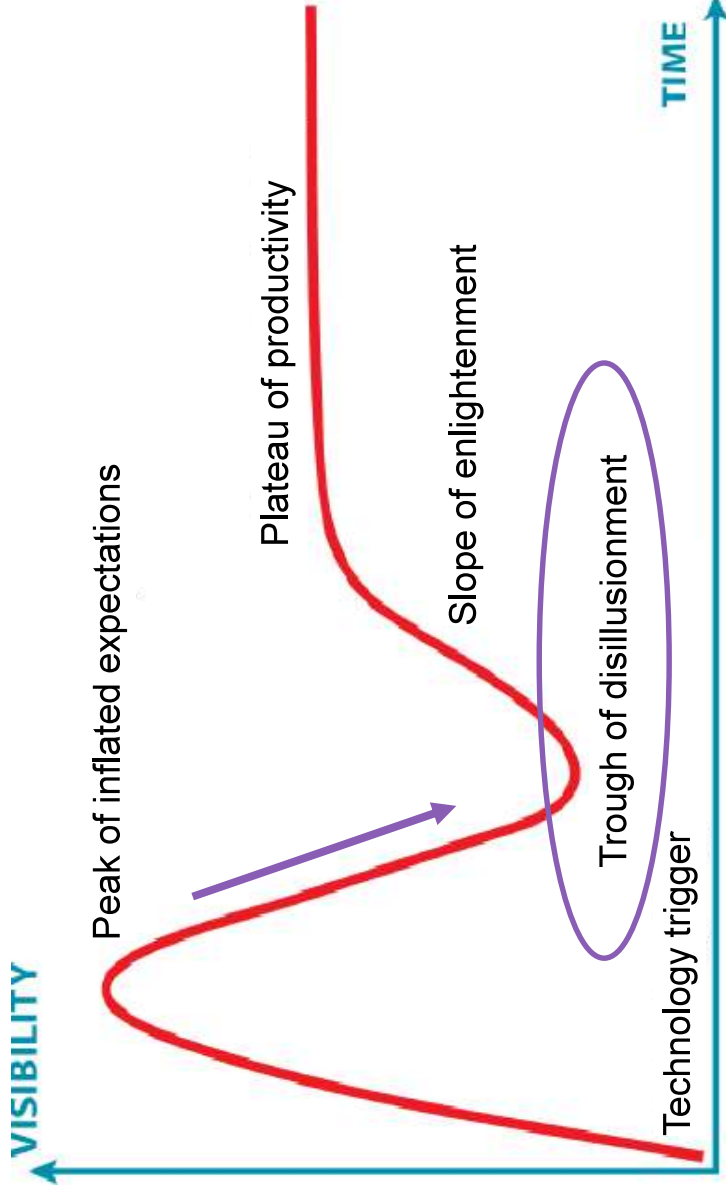
BNEF Summit London

Sami Alisawi

October 9, 2024

BloombergNEF

Where we are now?



Source: Wikipedia

Promised funding for hydrogen has quadrupled since 2021

Annual promised hydrogen funding by region



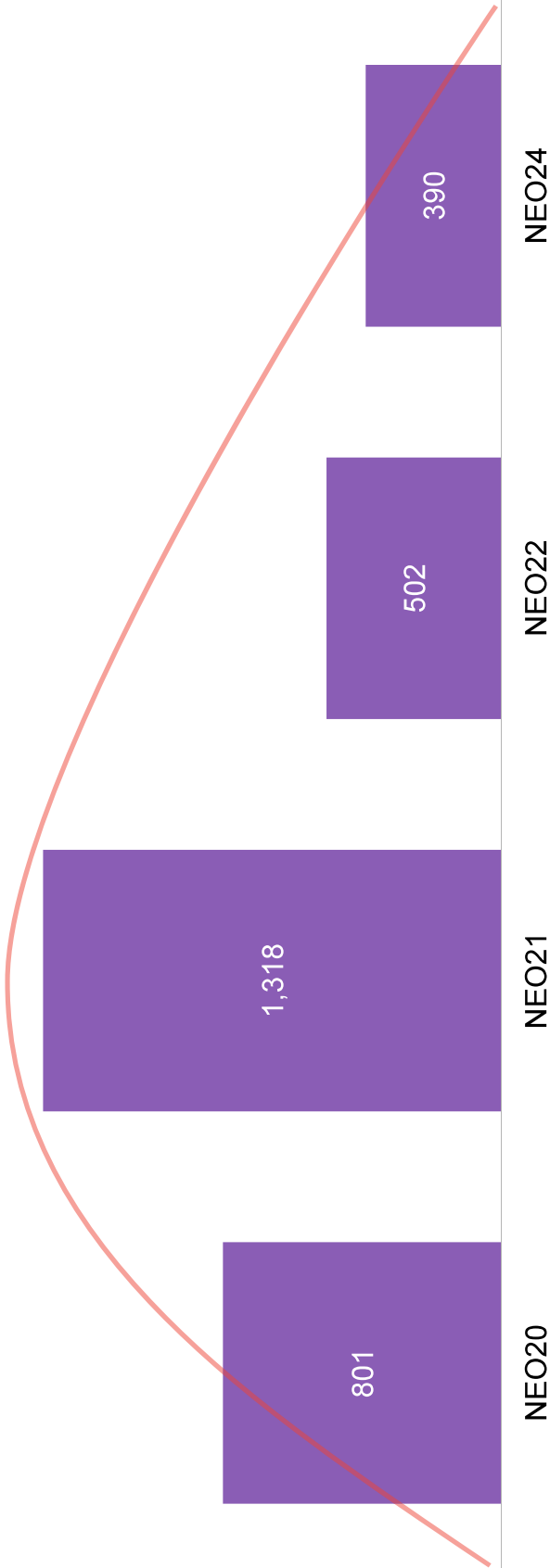
Source: BloombergNEF Hydrogen Subsidies Tracker. Note: 2024 YTD data is as of April 30, 2024. APAC is Asia Pacific; EMEA is Europe, Middle East and Africa; AMER is Americas.

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Hydrogen demand under BNEF's Net Zero Scenario has fallen by 411 million tons since 2020

Change in hydrogen demand in NZS 2050

Million metric tons per year



Source: BloombergNEF. 'Other' includes energy industry and non-energy use. Axis is truncated. NZS is Net Zero Scenario.

Annual announced global hydrogen production volume, by production method

Total = 217.5

Current demand = 100

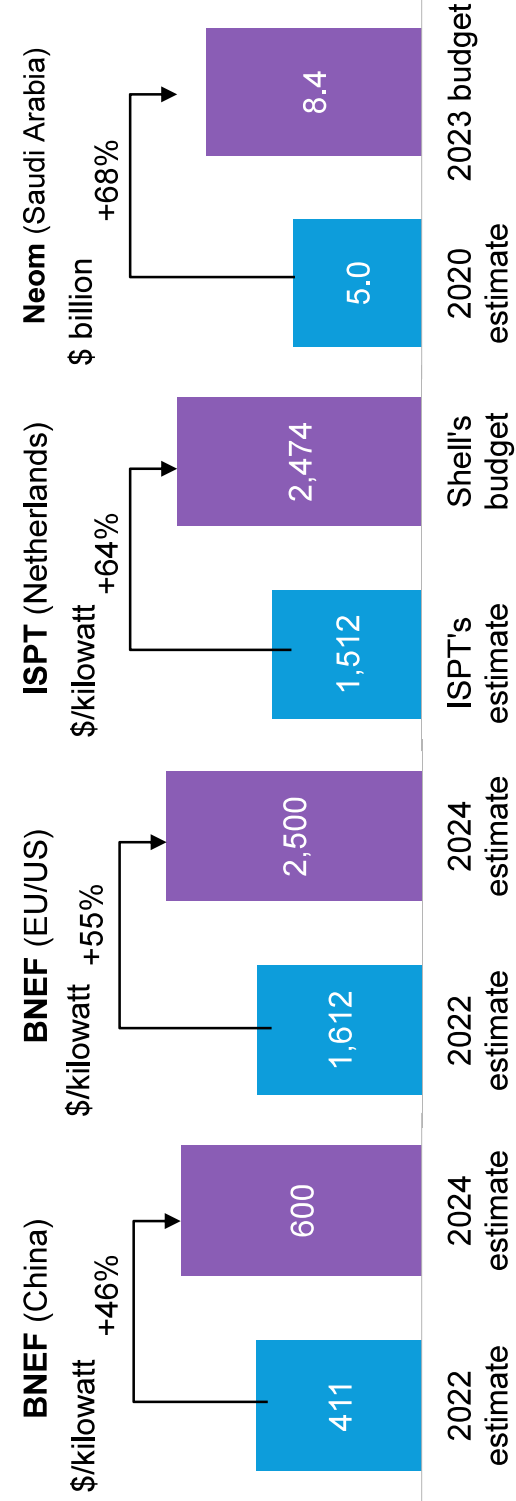
Category	Green Segment	Blue Segment	Total
1	31	15	45
2	67	12	73
3	78	12	85

Source: BloombergNEF Hydrogen Project Database. Note: Data as of September 5, 2024. This is not a forecast but a pipeline of proposed projects. N/A refers to projects without a disclosed commissioning date.

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Electrolyzer project costs are often underestimated

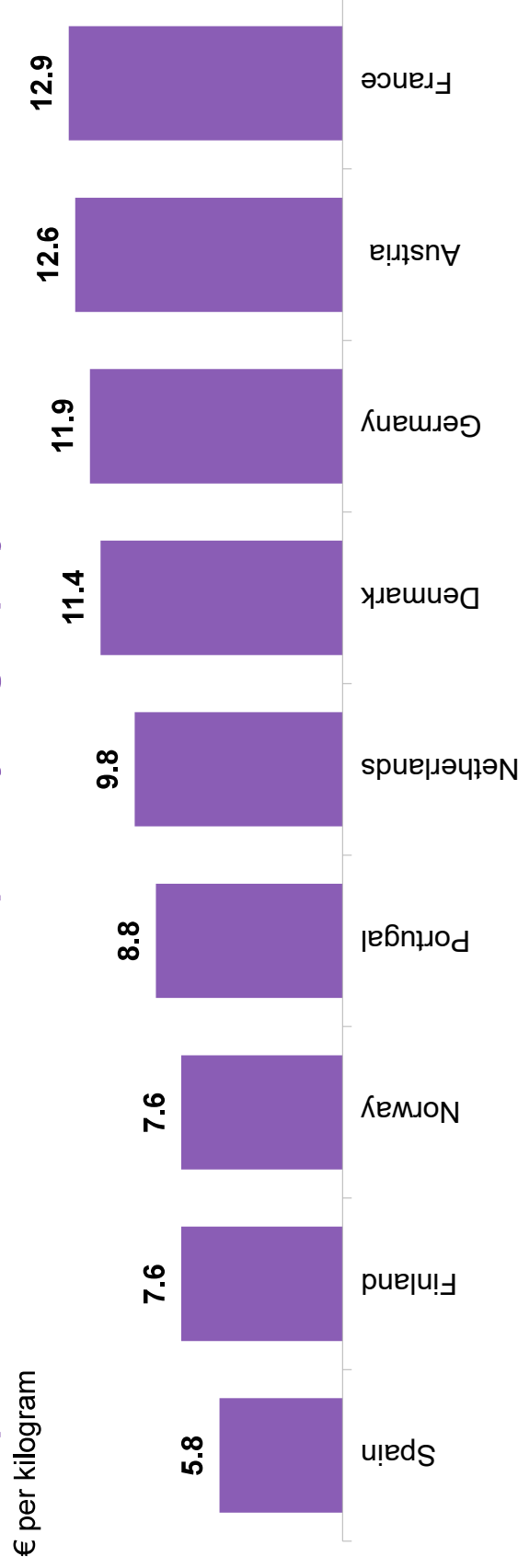
Cases where system costs were underestimated



Source: BloombergNEF, *Institute for Sustainable Process Technology (ISPT)*, *Shell Air Products*, *Neom*. Note: The Neom project capex also includes an ammonia facility. BNEF China values refer to the mid-scenario of alkaline project capex; BNEF EU/US values refer to the average of mid-scenario capex of alkaline and proton exchange membrane projects. ISPT value refers to alkaline project capex, which is comparable with Shell's project to be equipped with alkaline electrolyzer stacks.

This means green hydrogen production costs are much higher than expected

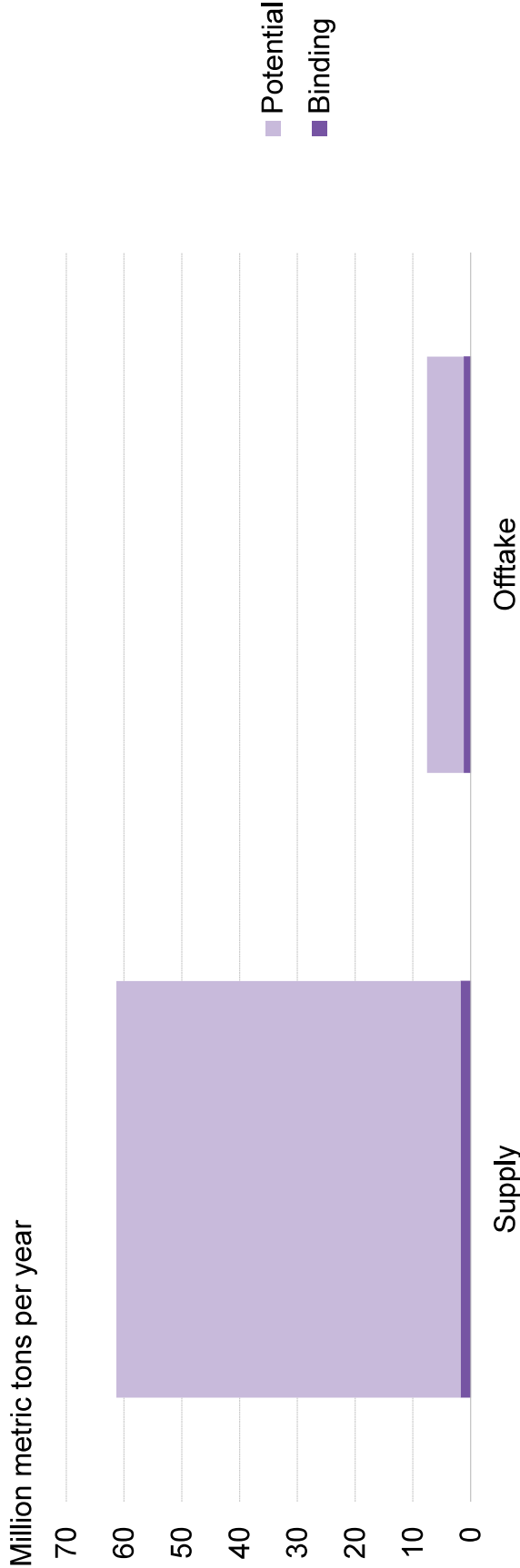
Latest pilot auction results for European hydrogen projects



Source: European Commission. Shows disclosed average levelized cost of RFNBO hydrogen in the European Hydrogen Bank pilot auction. Note: 'RFNBO' stands for renewable fuel of non-biological origin and refers to the EU definition for electrolytic hydrogen that qualifies for European Hydrogen Bank subsidies and quotas under the Revision of the Renewable Energy Directive, REFuelEU Aviation and FuelEU Maritime. Excludes values for countries with less than five bids.

Only 12% of clean hydrogen capacity has identified offtakers

Clean hydrogen supply and offtake by 2030



Source: BloombergNEF. Note: Data as of April 1, 2024. BNEF's Hydrogen Offtake Agreement Database only includes projects of over 20 megawatts or 2,800 metric tons/year of capacity. Potential offtake includes letters of intent, heads of terms, memorandums of understanding, and unspecified offtake agreements disclosed in news.

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Only 5% of announced production volume until 2030 has reached a final investment decision

Share of clean hydrogen production volume announced to come online by 2030 that has made a final investment decision or started production



Source: BloombergNEF. Note: Mt refers to million metric tons; FID is final investment decision. Data as of May 9, 2024.

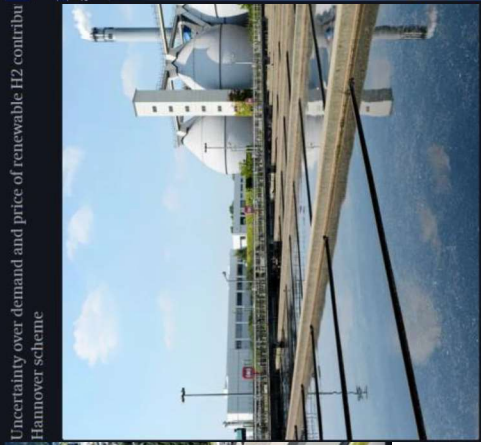
Developers are cancelling projects

Orsted scraps Flagship ONE areen

hydrogen-to-methanol'No firm customers' | Failed hydrogen project leaves €10m hole in

years after FID accounts amid spiralling ccNorway and Germany Equinor

Danish developer is exiting green fuels market, w expected'



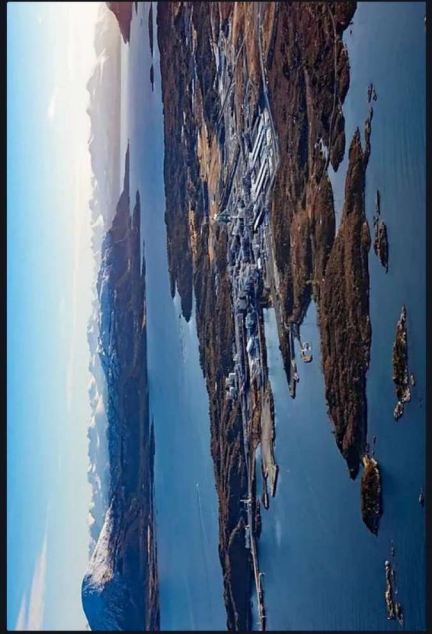
Project to produce up to 100MW of blue hydrogen in also abandoned



between

'Green hydrogen is clearly favoured' | Shell and partners cancel blue H2 project in Norway

The oil major cites a lack of demand for low-carbon hydrogen produced from fossil gas with carbon capture, compared to molecules derived from renewables



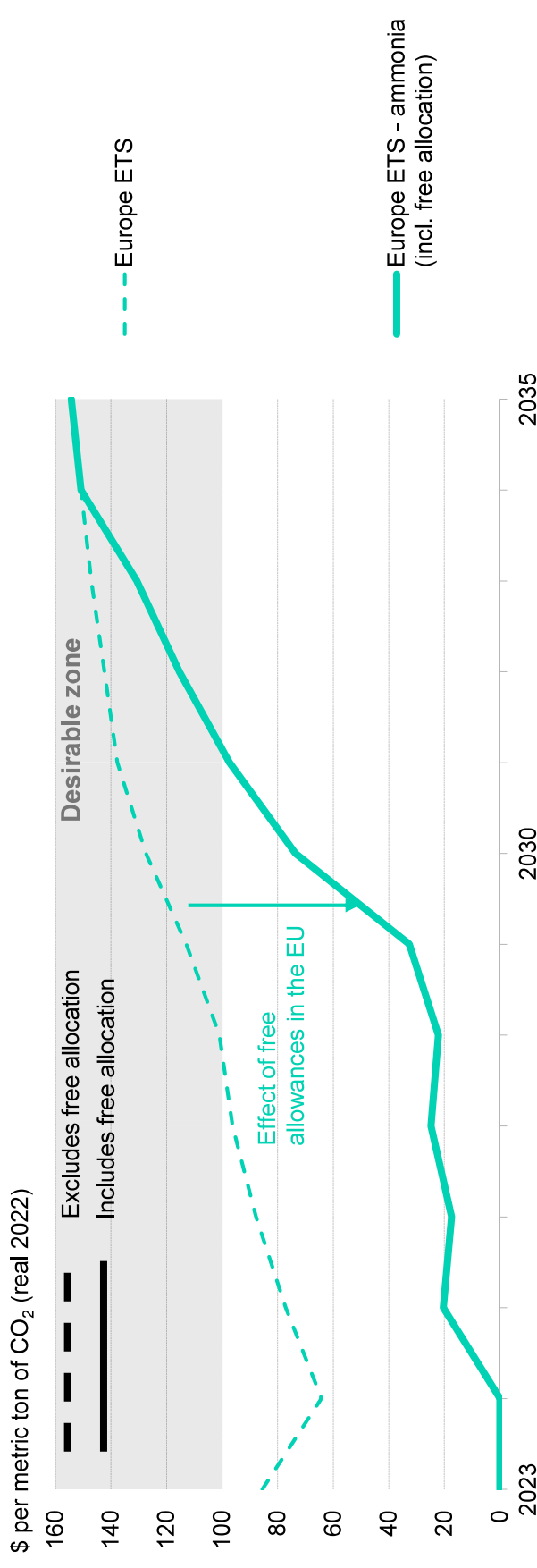
Source: *Hydrogen Insight*

23 End of the Hydrogen Hype Cycle?

BloombergNEF

Carbon prices are also essential for H₂ demand. Right now, none have the necessary bite.

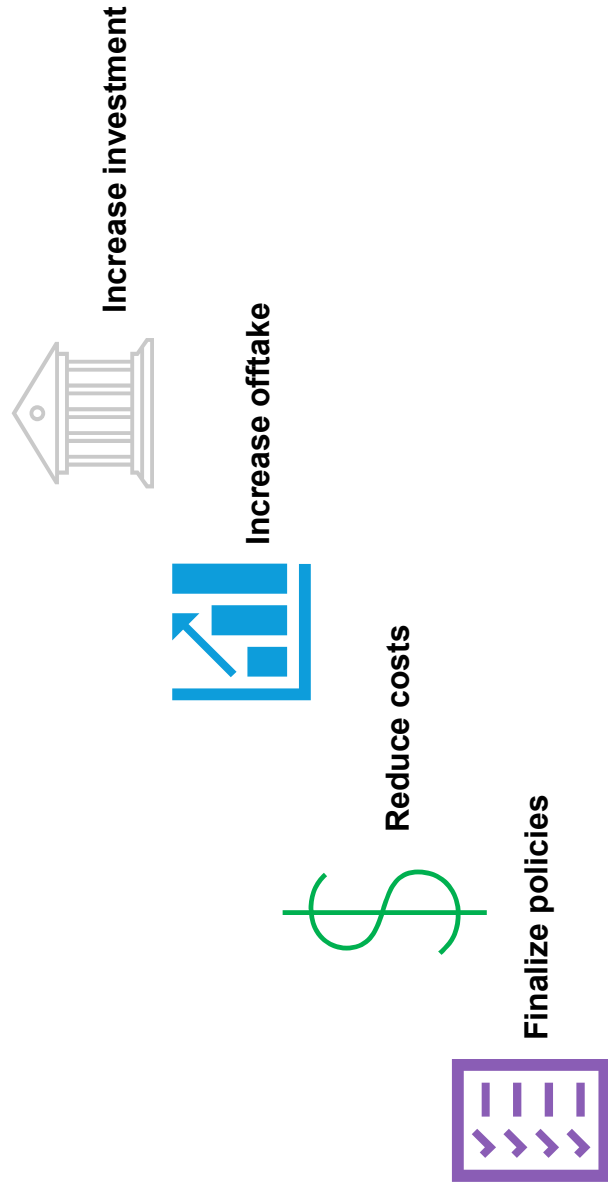
Carbon price projections by region



Source: BloombergNEF. Note: Europe ETS — ammonia values assume 2017-2021 average emissions from the ammonia sector and do not account for any activity level change. Benchmark values assumed to decline every 5-year period by 3%.

The steps to success

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Source: BloombergNEF



IFIC Monthly Investment Fund Statistics – September 2024

Mutual fund and exchange-traded fund (ETF) assets and sales

October 22, 2024 (Toronto) – The Investment Funds Institute of Canada (IFIC) today announced investment fund net sales and net assets for September 2024.

Mutual fund assets totalled \$2.186 trillion at the end of September, up by \$40.5 billion or 1.9 per cent since August. Mutual fund net sales were \$0.8 billion in September.

ETF assets totalled \$478.5 billion at the end of September, up by \$14.5 billion or 3.1 per cent since August. ETF net sales were \$5.5 billion in September.

September insights

- Mutual fund net sales remained positive each month during the last quarter and were positive in five of the nine months this year.
- The majority of inflows were in the bond fund category, although these sales were partially offset by outflows from the balanced and equity categories. Bond fund sales have been positive every month this year.
- ETF assets have increased by \$96.5 billion, or 25.3 per cent, year to date. This growth was driven equally by inflows and positive market effect.

Mutual fund net sales/net redemptions (\$ millions)*

Asset class	Sep 2024	Aug 2024	Sep 2023	YTD 2024	YTD 2023
Long-term funds					
Balanced	(1,192)	(1,383)	(6,147)	(22,450)	(37,148)
Equity	(630)	1,093	(2,411)	585	(15,995)
Bond	2,335	2,538	(925)	18,674	7,666
Specialty	396	547	133	5,553	2,775
Total long-term funds	909	2,795	(9,349)	2,361	(42,702)
Total money market funds	(119)	(420)	1,537	2,075	11,678
Total	790	2,376	(7,812)	4,436	(31,024)

Mutual fund net assets (\$ billions)*

Asset class	Sep 2024	Aug 2024	Sep 2023	Dec 2023
Long-term funds				
Balanced	981.4	964.3	861.1	904.3
Equity	840.0	823.6	672.1	714.4
Bond	274.7	268.7	229.5	242.3
Specialty	34.9	34.1	25.6	27.0
Total long-term funds	2,131.2	2,090.8	1,788.4	1,888.0
Total money market funds	54.5	54.4	47.5	50.7
Total	2,185.6	2,145.2	1,835.9	1,938.7

* See below for important information about this data.

ETF net sales/net redemptions (\$ millions)*

Asset class	Sep 2024	Aug 2024	Sep 2023	YTD 2024	YTD 2023
Long-term funds					
Balanced	372	464	188	3,677	1,291
Equity	2,665	1,747	328	25,471	7,104
Bond	1,490	1,176	1,036	14,849	8,121
Specialty	283	984	18	1,564	1,065
Total long-term funds	4,809	4,371	1,570	45,561	17,582
Total money market funds	698	(94)	1,297	1,561	8,161
Total	5,507	4,278	2,867	47,122	25,742

ETF net assets (\$ billions)*

Asset class	Sep 2024	Aug 2024	Sep 2023	Dec 2023
Long-term funds				
Balanced	21.0	20.2	13.6	15.1
Equity	299.6	290.5	211.2	232.5
Bond	112.0	109.2	85.4	94.6
Specialty	18.9	17.8	11.5	14.4
Total long-term funds	451.5	437.7	321.8	356.7
Total money market funds	27.0	26.3	24.4	25.3
Total	478.5	464.0	346.2	382.0

* See below for important information about data.

IFIC direct survey data (which accounts for approximately 87 per cent of total mutual fund industry assets and approximately 80 per cent of total ETF industry assets) is complemented by estimated data to provide comprehensive industry totals.

IFIC makes every effort to verify the accuracy, currency, and completeness of the information, however, IFIC does not guarantee, warrant, represent or undertake that the information provided is correct, accurate or current.

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*** Important information about investment fund data**

1. Mutual fund data is adjusted to remove double counting arising from mutual funds that invest in other mutual funds.
2. Starting with January 2022 data, ETF data is adjusted to remove double counting arising from Canadian-listed ETFs that invest in units of other Canadian-listed ETFs. Any references to IFIC ETF assets and sales figures prior to 2022 data should indicate that the data has not been adjusted for ETF of ETF double counting.
3. The balanced funds category includes funds that invest directly in a mix of stocks and bonds or obtain exposure through investing in other funds.
4. Mutual fund data reflects the investment activity of Canadian retail investors.
5. ETF data reflects the investment activity of Canadian retail and institutional investors.

About IFIC

The Investment Funds Institute of Canada is the voice of Canada's investment funds industry. IFIC brings together 150 organizations, including fund managers, distributors and industry service organizations to foster a strong, stable investment sector where investors can realize their financial goals. By connecting Canada's savers to Canada's economy, our industry contributes significantly to Canadian economic growth and job creation. [Learn more about IFIC](#)

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● ●

China customs official data is zero oil imports from Iran since June 2022.

#OOTT



● ●

How can OECD expect LDC to jump from no/little energy basics to Net Zero?

Lots more in this reality check.

#OOTD

9:23 AM · Oct 21, 2024 · 3.356 Views

Opportunistic excuse?

"Repsol has decided to halt all its renewable [Green] hydrogen projects in Spain **after** the government said it's considering making a controversial windfall tax on energy companies permanent". Thx @Thomgwa

Blame Spain or #GreenHydrogen economies aren't working. See 📌
10/14/24 tweet on Uniper.

#NatGas #OOT

[BN] Repsol Halts Green Hydrogen Projects Due to Spanish Windfall Tax
2024-10-21 12:45:50 GMT
By Thomas Duden

(Bloomberg) -- Repsol has decided to halt all its renewable hydrogen projects in Spain after the government said it's considering making a controversial windfall tax on energy companies permanent.

The Spanish-based oil producer will hold back on plans to build a new 600,000-cu-m per day capacity of 200 megawatts, a development for the company led by Bloomberg News.

The project was meeting investment criteria, the company said.

The move comes after Spanish Economy Minister Carlos Cospo said the cabinet is considering introducing a levy on the domestic revenue of energy companies. The tax, expected in 2025, is aimed at curbing the impact of a coal-of-firing crisis, which would make Spanish companies less competitive.

European fuel producers are seeking to use green hydrogen to reduce their carbon emissions. The gas is an essential part of an energy system to take up more oil and gas.

Spain aims to reach 12 gigawatts of electrolysis capacity by the end of the decade, according to the National Climate Plan submitted last month to the European Commission. The technology allows the use of renewable power to break up water molecules into hydrogen and oxygen.

Last year, Repsol kicked off its renewable hydrogen production with the start of a 2.5 megawatt facility built mainly to supply one of its refineries near the northern city of Bilbao.

The project cost \$11 million (\$1.5 million) and was meant to be the first step of a plan that involves a 200-megawatt unit in the following years. Repsol had already signed a contract with local manufacturers to build up water electrolysis into hydrogen and oxygen.

Repsol is the only active player in the Spanish green hydrogen industry. The country's second-largest oil refiner, **CEPSA**, SA, which is controlled by Abu Dhabi sovereign wealth fund

Mobilize, unveiled in 2022 a \$5 billion investment to build a green hydrogen hub in the southern region of Andalusia, while utility giant Iberdrola SA announced in September a joint venture with BP to build a 20-megawatt plant at a BP refinery in the southernmost city of Cadiz.

--With assistance from Michael Graham.

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To view this story on Bloomberg news here:
<https://www.bloomberg.com/news/articles/2024-10-21-repsol-halts-green-hydrogen-projects>

SAF Dan Tsubouchi @Energy_Tidbits · Oct 14

No Green Hydrogen = Need #NatGas #Coal for longer.

Uniper delays €8b in green projects.

CEO "There are hardly any major customers..."
[Show more](#)

Uniper CEO Green Projects Beyond 2030: FAZ
2024-10-10 20:05:33.431 GMT

By Monica Raymont
(Bloomberg) -- Uniper SE said a lack of demand is forcing the German utility to postpone €8 billion-worth (\$8.7 billion)

No surprise.

Surely no one was surprised by Maersk raising guidance" *combined with strong container market demand and the continuation of the Red Sea situation.*"

See 📌 10/09/24 tweet on Maersk continuing Red Sea situation continuing into 2025.

#OOTT

maersk.com/news/articles/...[illegible]

For anyone surprised by #GreenHydrogen not meeting the ambitions of EU/EC leaders, see 🗨️ 07/16/24 tweet.

European Court of Auditors scathing rebuke of EU/EC "set overly ambitious targets for the production and import of renewable hydrogen.... These targets were not based on a robust analysis, but were driven by political will" "Building up an EU hydrogen industry requires massive public and private investment"

#NatGas will be needed for way longer.

Thx @EUauditors
#NatGas #OOTT

SAF Dan Tsubouchi @Energy_Tidbits · Jul 16

Busted!

No real analysis = EU unrealistic green hydrogen targets!

"EU's industrial policy on renewable hydrogen needs a reality check" ...

Show more

https://www.ec.europa.eu/economy/auditors/2024/07/16/2024-11

EUROPEAN COURT OF AUDITORS

Renewable hydrogen-powered EU: auditors call for reality check

FACTBOX

Europe's industrial and decarbonisation

Renewable and decarbonisation

• Green goals for renewable hydrogen production and import have been ambitious

• Shortage of gas pipelines, despite demand on demand, and also costs

• Risk of loss of competitiveness for industries and new strategic dependencies

The EU has had great success in providing the funding climate for the emerging renewable hydrogen market, according to a report by the European Court of Auditors. While the European Commission has taken a number of positive steps, including setting up the hydrogen value chain, and the EU is unlikely to meet its 2030 targets for the production and import of renewable hydrogen. The auditors call for a reality check to ensure that the EU's targets are realistic, and that its strategic choices on the way ahead will not expose the competitiveness of key industries or create new dependencies.

Renewable hydrogen is expected to play a significant role in the future of key EU industries, as it can help to decarbonise especially hard-to-electricity sectors such as steel production, petrochemicals, cement, and fertilisers. It can also help the EU to meet its 2050 climate goal of zero carbon emissions and further reduce the EU's reliance on Russian fossil fuels.

The Commission's strategy on renewable hydrogen, adopted in 2020, set ambitious targets for the EU to become a global leader in the production and import of renewable hydrogen by 2030. However, a study by the audit found that the EU's 2030 targets for the production and import of renewable hydrogen are ambitious, and that the EU's strategic choices on the way ahead will not expose the competitiveness of key industries or create new dependencies.

To start with, the Commission set overly ambitious targets for the production and import of renewable hydrogen, i.e. 10 million tonnes per year by 2030. Based on the auditors' analysis, the Commission's targets are unrealistic, and the EU's strategic choices on the way ahead will not expose the competitiveness of key industries or create new dependencies. Moreover, although most EU member states have set up a hydrogen value chain, the Commission failed to ensure that all parties were playing in the same direction.

On the other hand, the auditors give credit to the Commission for preparing most legal acts within a short period of time. The legal framework is almost complete, and has provided certainty that it is key to establishing a new market. However, agreeing on the rules that define renewable hydrogen from time, and many investment decisions were deferred. Project developers also defer investment decisions because supply depends on demand, and vice versa.

EU Sept new car registrations.

BEV: Sept +9.8% YoY, following 4 consecutive months of YoY declines
incl brutal Aug -43.9% YoY. YTD -5.8% YoY.

PHEV: Sept -22.3% YoY & -5.0% YTD.

HEV: continued big winner, Sept +12.5% YoY, YTD +20.1% YoY.

Petrol & Diesel big losers: Petrol -17.9% YoY, YTD -4.4% YoY. Diesel
-23.5% YoY, YTD -11.1% YoY.

Thx @ACEA_auto
#OOTt

EU SEPT CAR SALES

EU Sept 2024 New Car Registrations by Power Source						
	Sep-24	Sep-23	% Change	YTD Sept 24	YTD Sept 23	% Change
BEV	139,702	127,196	9.8%	1,047,869	1,111,925	-5.8%
PHEV	54,889	70,669	-22.3%	550,166	598,366	-8.1%
HEV	265,724	236,107	12.5%	2,404,532	2,002,816	20.1%
Others	23,635	24,458	-3.4%	248,093	238,240	4.1%
Petrol	240,805	293,143	-17.9%	2,744,809	2,872,408	-4.4%
Diesel	84,408	110,400	-23.5%	994,307	1,117,949	-11.1%
Total	809,163	861,973	-6.1%	7,989,776	7,941,704	0.6%
Others incl fuel-cell electric vehicles, natural gas vehicles, LPG, E85/ethanol, and other fuels						
Sources ACEA						

EU AUG CAR SALES

EU August New Car Registrations by Power Source						
	Aug-24	Aug-23	% Change	YTD Aug 24	YTD Aug 23	% Change
BEV	92,627	165,204	-43.9%	902,011	983,718	-8.3%
PHEV	45,590	58,660	-22.3%	501,266	527,697	-5.0%
HEV	201,552	189,114	6.6%	2,138,474	1,765,893	21.1%
Others	18,634	19,687	-5.3%	224,892	213,537	5.2%
Petrol	213,057	257,139	-17.1%	2,504,457	2,580,076	-2.9%
Diesel	72,177	98,008	-26.4%	909,592	1,007,279	-9.7%
Total	643,637	767,812	-18.3%	7,180,492	7,078,200	1.4%
Others incl fuel-cell electric vehicles, natural gas vehicles, LPG, E85/ethanol, and other fuels						
Sources ACEA						

6:12 AM · Oct 22, 2024 · 2,461 Views

UK BEV numbers are deceiving.

UK BEV sales: Another month of strong sales +24.4% YoY and YTD +13.2% YoY. @ACEA_auto

BUT not because of BEV demand but because BEVs at 17.8% is still well short of UK regulated BEVs to be 22% of 2024 total car sales

See 10/16/24 tweet: @vertumotorsCEO, some car manufacturers rationing ICE & HEV to meet ZEV mandate.
x.com/EnergyTidbits...

#OOTT

UK SEPT NEW CAR SALES						
UK Sept New Car Registrations by Power Source						
	Sep-24	Sep-23	% Change	YTD Sept 24	YTD Sept 23	% Change
BEV	56,387	45,323	24.4%	269,931	238,544	13.2%
PHEV	24,486	18,535	32.1%	124,943	98,993	26.2%
HEV	104,237	93,393	11.6%	538,935	461,739	16.7%
Others	0	0	n/a	0	0	n/a
Petrol	83,100	105,463	-21.2%	537,037	595,946	-9.9%
Diesel	7,029	9,896	-29.0%	43,248	56,686	-23.7%
Total	275,239	272,610	1.0%	1,514,094	1,451,908	4.3%
Others incl fuel-cell electric vehicles, natural gas vehicles, LPG, BBG vehicles, and other fuels						
Sources ACEA						
UK AUG NEW CAR SALES						
UK August New Car Registrations by Power Source						
	Aug-24	Aug-23	% Change	YTD Aug 24	YTD Aug 23	% Change
BEV	19,113	17,243	10.8%	213,544	193,221	10.5%
PHEV	5,786	6,601	-12.3%	100,457	80,458	24.9%
HEV	29,076	23,410	24.2%	434,698	368,346	18.0%
Others	0	0	n/a	0	0	n/a
Petrol	27,894	34,756	-19.7%	453,937	490,483	-7.5%
Diesel	2,706	3,647	-25.8%	36,219	46,790	-22.6%
Total	84,575	85,657	-1.3%	1,238,855	1,179,298	5.1%
Others incl fuel-cell electric vehicles, natural gas vehicles, LPG, BBG vehicles, and other fuels						
Sources ACEA						

6:28 AM · Oct 22, 2024 · 1,480 Views

Baker Hughes Q3.

No specific commentary on US drilling & fracking outlook BUT Q3 show accelerating decline in fracking/completions down 10% QoQ and down 7% YoY.

Should get way more insight in US drilling & fracking outlook in call at 7:30am MT

#OOTF

Baker Hughes Company News Release

Baker Hughes Company Announces Third-Quarter 2024 Results

Results by Reporting Segment

The following segment discussions and variance explanations are intended to reflect management's view of the relevant comparisons of financial results on a sequential or year-over-year basis, depending on the business dynamics of the reporting segments.

Oilfield Services & Equipment

(in millions)

Segment results	Three Months Ended			Variance	
	September 30, 2024	June 30, 2024	September 30, 2023	Sequential	Year-over-year
Orders	\$ 3,807	\$ 4,068	\$ 4,178	(6%)	(9%)
Revenue	\$ 3,963	\$ 4,011	\$ 3,951	(1%)	—%
Operating income	\$ 547	\$ 493	\$ 465	11%	18%
Operating margin	13.8%	12.3%	11.8%	1.5pts	2pts
Depreciation & amortization	\$ 218	\$ 223	\$ 206	(2%)	6%
EBITDA*	\$ 765	\$ 716	\$ 670	7%	14%
EBITDA margin*	19.3%	17.8%	17.0%	1.5pts	2.3pts

(in millions)

Revenue by Product Line	Three Months Ended			Variance	
	September 30, 2024	June 30, 2024	September 30, 2023	Sequential	Year-over-year
Well Construction	\$ 1,050	\$ 1,090	\$ 1,128	(4%)	(7%)
Completions, Intervention & Measurements	1,009	1,118	1,085	(10%)	(7%)
Production Solutions	963	958	967	3%	2%
Subsea & Surface Pressure Systems	921	845	770	9%	20%
Total Revenue	\$ 3,963	\$ 4,011	\$ 3,951	(1%)	—%

(in millions)

Revenue by Geographic Region	Three Months Ended			Variance	
	September 30, 2024	June 30, 2024	September 30, 2023	Sequential	Year-over-year
North America	\$ 971	\$ 1,023	\$ 1,064	(5%)	(9%)
Latin America	648	663	605	(2%)	(7%)
Europe/CIS/Sub-Saharan Africa	933	827	695	13%	34%
Middle East/Asia	1,411	1,498	1,497	(6%)	(6%)
Total Revenue	\$ 3,963	\$ 4,011	\$ 3,951	(1%)	—%
North America	\$ 971	\$ 1,023	\$ 1,064	(5%)	(9%)
International	2,992	2,988	2,887	—%	4%

* Non-GAAP measure. See reconciliations in the section titled "Reconciliation of GAAP to non-GAAP Financial Measures." EBITDA margin is defined as EBITDA divided by revenue.

OFSE orders of \$3,807 million for the third quarter decreased by \$261 million sequentially. Subsea and Surface Pressure Systems orders were \$776 million, down 13% sequentially, and down 23% year-over-year.

OFSE revenue of \$3,963 million for the third quarter was down 1% sequentially, and up \$12 million year-over-year.

Q3 call 10am MT

[illegible]

SAF Dan Tsubouchi
@Energy_Tidbits

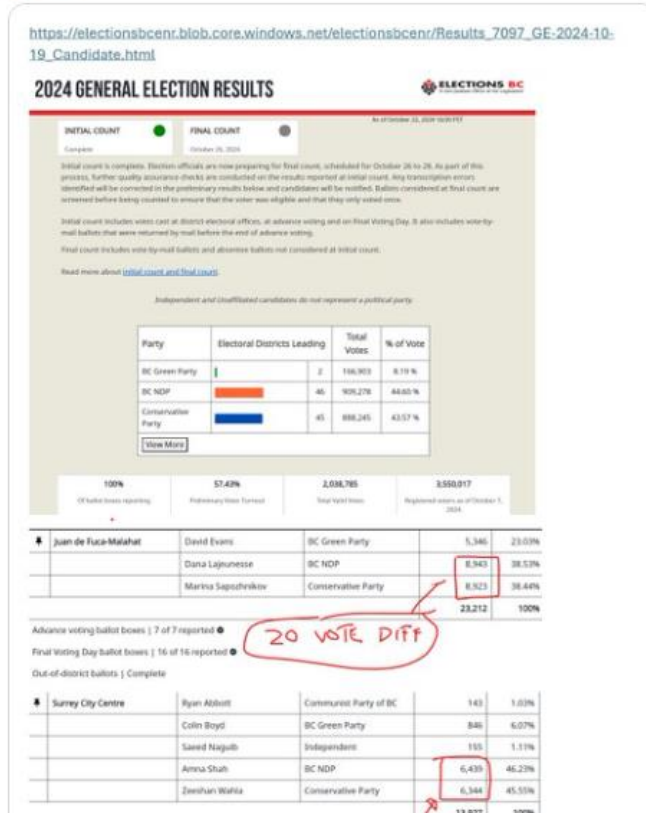
BC final election count Oct 26-28 to incl two recount seats.

NDP 46
Conservatives 46
Green 2

Right now, no one has 47 seat majority. NDP will need Green support to govern.

But 2 recount seats are for now in the NDP total. Conservatives could get to 47 IF both recounts turn to them.

#OOTT



SAF Dan Tsubouchi
@Energy_Tidbits

For those like me who weren't near their laptops, at 8:30 am MT, @EIAgov released #Oil #Gasoline #Distillates inventory as of Oct 18. Table below compares EIA data vs @business expectations and vs @APIenergy estimates yesterday. #OOTT

Oil/Products Inventory Oct 18: EIA, Bloomberg Survey Expectations, API			
(million barrels)	EIA	Expectations	API
Oil	5.47	1.00	1.60
Gasoline	0.88	-1.90	-2.00
Distillates	-1.14	-2.01	-1.50
	5.21	-2.91	-1.90

Note: Oil is commercial. So excludes a +0.7 mb build in SPR for the Oct 18 week
Note: Included in the oil data, Cushing had a 0.35 mmb build for Oct 18 week
Source EIA, Bloomberg
Prepared by SAF Group <https://safgroup.ca/news-insights/>

Need to add 24/7 #NatGas power to enable adding more intermittent renewables.

#NextEra Q3 call

"power sector is going to need to build more gas power generation and battery storage to meet growing capacity needs over the next decade. And as we build more, we also enable more renewables to come to market as the lowest-cost generation source of energy"

24/7 power can't be run on renewables.

#OOTT

NEXTERA Q3 CALL

Turning to gas. When it comes to gas power generation, nobody has built more over the last two decades than NextEra Energy. We understand the benefits and the challenges and we know what it all costs and how long it takes to build. The power sector is going to need to build more gas power generation and battery storage to meet growing capacity needs over the next decade. And as we build more, we also enable more renewables to come to market as the lowest-cost generation source of energy.

Renewables will be built for energy and battery storage and gas for capacity. That being said, while we are going to need both, storage has an advantage because it's ready now as it can be paired with renewables at the same interconnect and there are no wait times or permitting hurdles for batteries. And renewables and storage will only get cheaper and cheaper over time, and we believe will continue to make up the lion's share of new additions over the long haul.

To summarize, we believe power demand is at an inflection point, and we expect much of that demand to be met by renewables and storage because they're low-cost, fast to deploy, and in the transmission queue now. And the potential opportunity is significant. Forecasts are projecting a tripling in renewables growth over the next seven years compared to what we've seen over the prior seven. No one is better positioned to capitalize on that demand growth than NextEra Energy, and we have the track record to prove it.

Page 5 of 20

FINAL TRANSCRIPT
NextEra Energy Inc. (NYSE:NEE) (Equity)

2024-10-23

8:00 PM - Oct 23, 2024 - 2,137 Views

SAF Dan Tsubouchi
@Energy_Tidbits

For those who care about #Oil post 2030.

"By 2030, we estimate 80% of the world's #Oil & #NatGas supply will be produced by mature fields" \$BKR.

Very bullish for oil & gas UNLESS IEA is right and demand has peaked BY 2030.

#OOTT

Customer spend shifting toward global gas & mature fields

Production toward OPEX portfolio & unique EIT financing
Knowledge different from Baker Hughes

KEY MARKET THEMES

- **Slowing economic growth**
Impacting downstream demand for oil & gas
- **International upstream spending growth slowing**
Continued spending growth in US
- **North America remains subdued**
Upstream spending to be about \$1.5B
- **On track for a record year of LNG offtake**
Helping EIT of the world's oil & gas supply to be produced by mature fields
- **Gas infrastructure & new energy remain strong**
Investment spending strong as efforts to modernize the energy sector intensify

Mature assets corner the focus

By 2030, we estimate 80% of the world's oil & gas supply will be produced by mature fields

MATURE ASSETS

Mature assets solutions focus areas

- Production Optimization
- Operational Efficiency
- Well Water & Steam Management
- Process System Reliability
- Risk Management

Providing integrated solutions that leverage capabilities across the Baker Hughes OPEX portfolio

Baker Hughes

9:46 PM · Oct 23, 2024 · 2,130 Views

SAF — Dan Tsubouchi 
@Energy_Tidbits

...

Reality check on timing for SMRs at scale.

"But again, it's so far out in the future from a viability standpoint at scale" NextEra CEO.

Note his point that need to build a US nuclear fuel supply chain!

What besides [#NatGas](#) & [#Coal](#) can provide 24/7 power at scale for next decade?

[#OOTT](#)

NEXTERA Q3 CALL ON SMR'S

And the next question comes from David Arcaro from Morgan Stanley. Please go ahead.

Q - David Arcaro (BIO 20757284 <GO>)

Yeah, thanks so much. Good morning. Wondering if you could expand a little bit on your thoughts on SMRs as an asset, and in particular, if you might consider that at FPL over time within your resource mix?

Page 14 of 20

FINAL TRANSCRIPT
NextEra Energy Inc (NYSE:NEE Equity)

2024-10-23

A - John W. Ketchum (BIO 19010913 <GO>)

Yeah. On SMR, so, let me start with -- we have a small SMR team inside the company, right? We have been following SMRs for a very long time. We actually advise a couple of Fortune 100 companies on SMRs today. But here's what we see. We're very close to the SMR market. There's really nine, 11, depends on your count of how many OEMs there are in the SMR area. We look at them all. We know we do technology reviews around them. We do financial reviews around them. A lot of them are very strained financially. There are only a handful that really have capitalization that could actually carry them through the next several years. And so that's one piece.

The second piece is, look, you're looking at a first-of-a-kind technology that are unproven, that comes with a ton of risk associated with that. They're still very expensive. I don't see that changing, really, as things move forward there, particularly as you see renewables getting cheaper. And I think renewables used for energy and storage and gas used for capacity, I think on an economic basis, tougher SMRs to compete.

→ The other thing that doesn't get a lot of attention is nuclear fuel. There -- the nuclear fuel supply chain has a lot of repair and work that has to occur. I think most of you know, we passed sanctions against Russia on enrichment and conversion. We basically have to start an enrichment and conversion industry here in this -- in the US. It's going to take a lot of time to get that up and running. Some SMRs, they don't run off of low-enriched uranium, they run off of (inaudible) -- remains a bit unproven as well.

→ And so when we stack all that together, David, that's why we're just not bullish SMRs. We think it's kind of a next -- into the next decade alternative. But it is also something that we stay close to and we have capacity at our existing generation facilities. They'll be able to add SMRs and it's something that FPL will continue to keep a close eye on also as we move forward. But again, it's so far out in the future from a viability standpoint at scale. It's -- we're prioritizing other generation resources at this time. And I think renewables are, as I said in my prepared remarks, are here for the long haul.

Q - David Arcaro (BIO 20757284 <GO>)

Yeah...not it. Thanks so much for that reservation. Makes sense. And then you had mentioned

8:17 PM · Oct 23, 2024 · 5,853 Views

SAF Dan Tsubouchi
@Energy_Tidbits

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Very bullish for oil & gas UNLESS IEA is right and demand has peaked BY 2030.

#OOTT



9:46 PM - Oct 23, 2024 - 2,130 Views

SAF Dan Tsubouchi
@Energy_Tidbits

time will tell when israel will retaliate

but given israel always like to control its military operations tactics . it feels like a messaging to regain some element or surprise whether it is soon or weeks away

#OOTT

The Times of Israel @TimesofIsrael · 8h

Israel said to have delayed Iran strike after US intel leak of attack plans
[timesofisrael.com/israel-said-to...](https://timesofisrael.com/israel-said-to-...)

7:19 AM - Oct 24, 2024 - 1,513 Views

SAF Dan Tsubouchi 
@Energy_Tidbits

...

Overlooked SMR timing issue.

The need to rebuild the US nuclear fuel supply chain post the US ban imports of Russia uranium in June.

See 🗨️ @nexteraenergy CEO on this overlooked issue.

#NatGas #Coal will be needed for longer for 24/7 power.

#OOTT

SAF Dan Tsubouchi  @Energy_Tidbits · 18h

Reality check on timing for SMRs at scale.

"But again, it's so far out in the future from a viability standpoint at scale"
NextEra CEO.

...
[Show more](#)

NEXTERA Q3 CALL ON SMR'S

And the next question comes from David Arcaro from Morgan Stanley. Please go ahead.

Q - David Arcaro (BIO 20197284 <GO>)

Hey, thanks so much. Good morning. Wondering if you could expand a little bit on your thoughts on SMRs as an asset, and in particular, if you might consider that at FPL over time within your resource mix?

Page 16 of 20

Final, Unedited
NextEra Energy Inc. 2024 Q3 Earnings

2024-10-23

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Q - David Arcaro (BIO 20197284 <GO>)

Yeah, sure. Thanks so much for that information. Makes sense. And then you had mentioned...

9:58 AM · Oct 24, 2024 · 2,378 Views

Dan Tsubouchi 
@Energy_Tidbits

Norway on track for peak #Oil production in 2025 & then decline.

@Equinor CEO confirms Norway's 755,000 b/d field "will be on plateau until early 2025" ie. after plateau is decline.

Fits 📌 08/21, 03/11 & 02/08 tweets, Norway sees its oil production peaking in 2025.

#OOTT

EQUINOR Q3 CALL ON JOHAN SVERDRUP

And then secondly, going back to the Johan Sverdrup comments, you mentioned the record production recently and the field coming off plateau early next year. Can you share any more details on what you expect in terms of your ability to slow down the pace of the decline next year and beyond? Anything that you could tell? Thank you.

Page 6 of 18

FINAL TRANSCRIPT
Equinor ASA (EQNR NO Equity) 2024-10-24

A - Torgrim Reitan (BIO 16901284 <GO>)

All right, Henri, thank you very much. So first on cost. So cost discipline and capital discipline is very, very important to us, and we work that very hard. But clearly, we are not immune to inflation as such.

Dan Tsubouchi 
@Energy_Tidbits

Hydrogen isn't ready for prime time.

Blue hydrogen "needs to be significant before any green hydrogen can actually be viable"

And Blue Hydrogen doesn't work: it's uneconomic, "no significant customer base to life an investment like this", not "a well functioning market to do that". @Equinor CEO.

#Oil #NatGas will be needed for longer.

#OOTT

EQUINOR Q3 CALL ON BLUE+GREEN HYDROGEN

Q - Kim Fustier (BIO 15030774 <GO>)

Yeah, hi. Thanks for taking my question. I'll keep it to one, then. I just wanted to ask about the recent cancellation of a blue hydrogen project and hydrogen pipeline to Germany with RWE. Could you maybe talk about why the project wasn't viable, and what is next for your hydrogen plant? Thank you.

A - Torgrim Reitan (BIO 16901284 <GO>)

Okay, thanks, Kim. Yeah. We do believe that blue hydrogen is going to be very important for Europe, and we also do believe that that needs to be significant before any green hydrogen can actually be viable, as such.

Page 15 of 18

FINAL TRANSCRIPT 2024-10-24

SAF Dan Tsubouchi
@EnergyTidbits

Reminder Texas #NatGas consumption gets seasonally squeezed as @ERCOT_ISO Texas wind generation is seasonally higher in Q4 and Q1.

And since Texas electricity consumption is seasonally lower right now, below 📉 @BloombergNEF graphs show how #NatGas consumption gets hit.

#OOTT

Ercot's graph from its Sept 2024 Monthly Operations Report [LINK]

4. IRR, Wind, and Solar Generation as a Percent of Load

The graph below shows the maximum, minimum and average aggregate solar, wind and IRR output as a percentage of total ERCOT load when evaluated as 10-minute averaged intervals, over the past 13 months. Current wind and solar generation and penetration records are listed in the footnote below. Maximum IRR penetration for September 2024 was 56.88% on 9/13/2024 interval ending 10:30 and minimum IRR penetration for the month was 1.97% on 9/1/2024 interval ending 3:30.



Excerpt from BloombergNEF US Power Weekly Oct 25, 2024

Electric Reliability Council of Texas
(Ercot)

Hourly power generation and prices

SAF Dan Tsubouchi
@EnergyTidbits

breaking!

@CNN reporting israel has begun retaliatory strikes on iran. reportedly close to tehran. #OOTT



5:26 PM · Oct 25, 2024 · 1,716 Views

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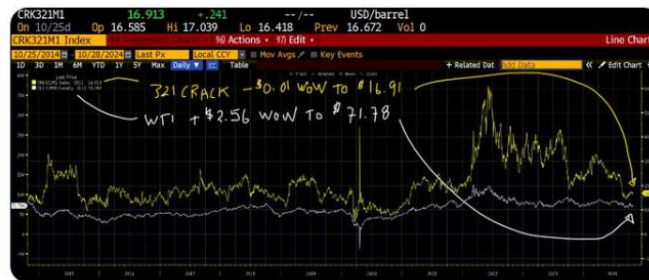
321 crack spreads -\$0.01 WoW to \$16.91.

WTI +\$2.56 WoW to \$71.78.

WTI's +\$2.56 with crack spreads flat reinforces WTI is impacted more by global markets than by crack spreads.

Note the WTI is prior to the breaking news just now Israel started retaliatory attack on Iran.

Thx @business
#OOTT



6:50 PM · Oct 25, 2024 · 1,459 Views

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Continued big positive to Cdn #Oil in H2/24

Ramp up of volumes on new 590,000 b/d TMX has, at least so far, kept WCS less WTI differentials from normal Sept/Oct widening.

WCS less WTI diffs:

10/25/24: \$11.90

10/25/23: \$24.60

10/25/22: \$25.75

Thx @garquake @business
#OOTT



7:13 PM · Oct 25, 2024 · 8,740 Views

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Should start to get some damage assessments of Israel attacks on Iran over the next few hours.

It's just past 7:30am Sat in Tehran.

But no planes in the air over Iran, Iraq, Jordan and Syria.

Live map courtesy of [@flightradar24](#)

[#OOTT](#)



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Is fear for Israel/Iran to lead to a regional escalation over, at least for now?

Israel warned Iran in advance of what they are going to attack in general & what they are not going to attack.

And warned if Iran retaliates, Israel would conduct another more significant attack reports [@BarakRavid](#)

Especially since no [#Oil](#) & nuclear facilities targeted.

[#OOTT](#)

[axios.com/2024/10/26/isr...](https://www.axios.com/2024/10/26/isr...)

4:48 AM · Oct 26, 2024 · **1,082** Views

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Daily Europe air traffic close but still stuck below pre-Covid.

7-day moving average as of:

Oct 24: -1.6% below pre-Covid

Oct 17: -1.9%

Oct 10: -1.7%

Oct 3: -2.9%

Sept 26: -2.9%

Sept 19: -2.8%

Sept 12: -3.0%

Sept 5: -2.8%

Aug 29: -3.1%

Aug 22: -2.8%

Thx @eurocontrol
#OOTT



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Floating Oil Storage

Vortexa crude #Oil floating storage -11.40 mmb WoW to 53.33 mmb at Oct 25

Oct 18 revised +9.12 mmb.

Even still, last 7-wk average is 59.77 mmb and last 3 weeks are only times 7-wk moving average <60 mmb since Covid

Thx @vortexa @business
#OOTT

Vortexa Crude Oil Floating Storage Estimate Jan 1, 2020 – Oct 25, 2024, Posted as of 9 am MT, Oct 26, 2024



Source: Bloomberg, Vortexa

Posted Oct 26, 9am MT	Oct 19, 9am MT	Oct 12, 9am MT
F2VWFST VIXA Indx	F2VWFST VIXA Indx	F2VWFST VIXA Indx
10/25/2024	10/19/2024	10/12/2024
10 30 64 YTD IV	10 30 64 YTD IV	10 30 64 YTD IV
F2VWFST VIXA	F2VWFST VIXA	F2VWFST VIXA
Date	Date	Date
10/25/2024	10/19/2024	10/12/2024
53326	53613	52963

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...

AAA National average prices +\$0.04 WoW to \$3.14 on Oct 26, -\$0.08 MoM & -\$0.39 YoY.

US election is Nov 5. National average prices were ~\$3.80 at time of 2022 mid-terms.

Florida average prices +\$0.07 WoW after not really increasing post Helene & Milton.

Thx @AAANews

#OOTT



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#OOTT #NatGas

6-10 Day Day Temperature Outlook
 Valid: November 1 - 5, 2024
 Issued: October 26, 2024

NOV 1-5

Legend: Probability (Percent Chance)

Above Normal		Below Normal	
Leaning Above	25-45%	25-45%	Leaning Below
Likely Above	45-65%	45-65%	Likely Below
Almost Certain	65-95%	65-95%	Almost Certain

...

electionsbcenr.blob.core.windows.net/electionsbcenr...

ELECTIONS BC
A non-partisan Office of the Legislature

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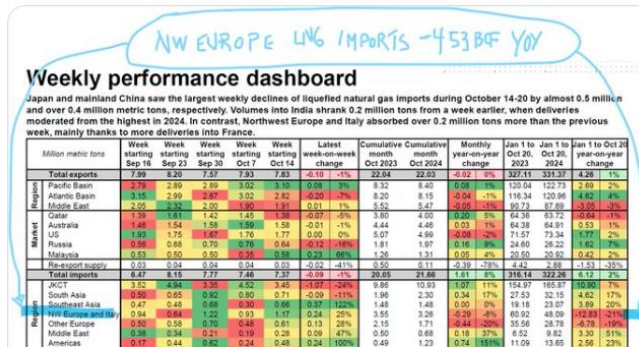
NW Europe #LNG imports +1.2 bcf/d WoW to 5.90 bcf/d in Oct 14-20 week.

Storage would be full if NW EU hadn't cut back LNG imports in Q2/Q3.

YTD Oct 20, NW EU #LNG imports down ~453 bcf or ~1.54 bcf/d YoY to 5.78 bcf/d.

If not for Israel/Iran risk, EU #NatGas prices would be lower going into winter.

Thx @BloombergNEF
#OOTT



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Israel may not have targeted & hit any Iran #Oil #NatGas infra or production.

But hitting air defense systems that protect oil & gas is a stark warning that it can take out Iran's oil & gas.

See 📍 @ronenbergman @farnazfassihi report.
#OOTT



Ronen Bergman @ronenbergman · 14h

NEW: Israel's attacks on Iran early Saturday destroyed air-defense systems set up to protect several critical oil and petrochemical refineries, as well as systems guarding a large gas field and a major port in southern Iran W\@farnazfassihi via @nytimes

Show more

10:44 PM · Oct 26, 2024 · 4,591 Views

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Hmmm!

Khamenei: Israel attack should "neither be exaggerated nor downplayed", didn't say Iran should hit back, rather up to officials to determine what is in the best interest should be done.

What is his warning about? *"They (the Israelis) need to understand the power, determination, and innovation of the Iranian nation and its youth"*. If he is inferring cyber, Israel cyber can hurt Iran [#Oil](#)?

[#OOT](#)

