

REPSOL Group

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**2020** Alternative  
Performance  
Measures  
reconciliations  
1st Half and  
2nd Quarter

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## ALTERNATIVE PERFORMANCE MEASURES

Repsol's financial information contains indicators and measures prepared in accordance with applicable financial reporting standards and regulations, as well as other measures prepared in accordance with the Group's Reporting Model, defined as Alternative Performance Measures (APMs). APMs are measures that are "adjusted" compared to those presented in accordance with IFRS-EU or with Supplementary Information on Oil and Gas Upstream Activities, and the reader should therefore consider them in addition to, but not instead of, the latter.

APMs are useful for users of financial information as they are the measures employed by Repsol's Management to evaluate its financial performance, cash flows or financial position when making operational or strategic decisions for the Group.

For historical quarterly APM information, see [www.repsol.com](http://www.repsol.com).

### 1. Financial performance measures

#### Adjusted net income

	First half											
	Adjusted net income		ADJUSTMENTS								IFRS-EU income	
	2020	2019	Joint venture reclassification		Special items		Inventory effect <sup>(2)</sup>		Total adjustments		2020	2019
<i>Million euros</i>			2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating income	494 <sup>(1)</sup>	2,002 <sup>(1)</sup>	843	(478)	(1,500)	18	(1,507)	90	(2,164)	(370)	(1,670)	1,632
Financial income	(136)	(228)	22	68	(51)	(9)	-	-	(29)	59	(165)	(169)
Net income from entities accounted for using the equity method	7	17	(986)	220	1	-	-	-	(985)	220	(978)	237
<b>Net Income before tax</b>	<b>365</b>	<b>1,791</b>	<b>(121)</b>	<b>(190)</b>	<b>(1,550)</b>	<b>9</b>	<b>(1,507)</b>	<b>90</b>	<b>(3,178)</b>	<b>(91)</b>	<b>(2,813)</b>	<b>1,700</b>
Income tax	(172)	(668)	121	190	(36)	(54)	383	(23)	468	113	296	(555)
<b>Consolidated net income for the year</b>	<b>193</b>	<b>1,123</b>	<b>-</b>	<b>-</b>	<b>(1,586)</b>	<b>(45)</b>	<b>(1,124)</b>	<b>67</b>	<b>(2,710)</b>	<b>22</b>	<b>(2,517)</b>	<b>1,145</b>
Net income attributed to non-controlling interests	(4)	(8)	-	-	1	-	36	(4)	37	(4)	33	(12)
<b>TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>189</b>	<b>1,115</b>	<b>-</b>	<b>-</b>	<b>(1,585)</b>	<b>(45)</b>	<b>(1,088)</b>	<b>63</b>	<b>(2,673)</b>	<b>18</b>	<b>(2,484)</b>	<b>1,133</b>

<sup>(1)</sup> Net income from continuing operations at current cost of supply (CCS).

<sup>(2)</sup> The inventory effect represents an adjustment to "Supplies" and "Changes in inventory of finished goods" in the income statement under IFRS-EU.

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Million euros	Second quarter											
	Adjusted net income		Joint venture reclassification		Special items		Inventory effect <sup>(2)</sup>		Total adjustments		IFRS-EU income	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating income	(169) <sup>(1)</sup>	977 <sup>(1)</sup>	947	(238)	(1,550)	20	(401)	83	(1,004)	(135)	(1,173)	842
Financial income	(125)	(131)	28	37	(38)	6	-	-	10	43	(135)	(88)
Net income from entities accounted for using the equity method	2	11	(944)	94	1	-	-	-	(943)	94	(941)	105
<b>Net Income before tax</b>	<b>(292)</b>	<b>857</b>	<b>31</b>	<b>(107)</b>	<b>(1,587)</b>	<b>26</b>	<b>(401)</b>	<b>83</b>	<b>(1,957)</b>	<b>2</b>	<b>(2,249)</b>	<b>859</b>
Income tax	34	(359)	(31)	107	146	(58)	100	(21)	215	28	249	(331)
<b>Consolidated net income for the year</b>	<b>(258)</b>	<b>498</b>	<b>-</b>	<b>-</b>	<b>(1,441)</b>	<b>(32)</b>	<b>(301)</b>	<b>62</b>	<b>(1,742)</b>	<b>30</b>	<b>(2,000)</b>	<b>528</b>
Net income attributed to non-controlling interests	-	(1)	-	-	-	-	3	(2)	3	(2)	3	(3)
<b>TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>(258)</b>	<b>497</b>	<b>-</b>	<b>-</b>	<b>(1,441)</b>	<b>(32)</b>	<b>(298)</b>	<b>60</b>	<b>(1,739)</b>	<b>28</b>	<b>(1,997)</b>	<b>525</b>

<sup>(1)</sup> Net income from continuing operations at current cost of supply (CCS)

<sup>(2)</sup> The inventory effect represents an adjustment to "Supplies" and "Changes in inventory of finished goods" in the income statement under IFRS-EU.

### Special items

Million euros	1H		2Q	
	2020	2019	2020	2019
Divestments	72	31	3	1
Workforce restructuring	(41)	(29)	(35)	(24)
Impairment	(1,296)	(3)	(1,296)	(1)
Provisions and other	(320)	(44)	(113)	(8)
<b>TOTAL</b>	<b>(1,585)</b>	<b>(45)</b>	<b>(1,441)</b>	<b>(32)</b>

### EBITDA

	First half					
	Group Reporting Model		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
Upstream	988	2,213	(488)	(918)	500	1,295
Industrial	(670)	1,075	(15)	(18)	(685)	1,057
Commercial and Renewables	360	502	(2)	(6)	358	496
Corporate and others	(89)	(78)	7	(2)	(82)	(80)
<b>EBITDA</b>	<b>589</b>	<b>3,712</b>	<b>(498)</b>	<b>(944)</b>	<b>91</b>	<b>2,768</b>
Inventory effect	1,507	(90)	-	-	-	-
<b>CCS EBITDA</b>	<b>2,096</b>	<b>3,622</b>	<b>(498)</b>	<b>(944)</b>	<b>91</b>	<b>2,768</b>

<sup>(1)</sup> Corresponds to "Net income before tax" and "Adjustments to income" in the consolidated Statement of Cash Flows prepared under IFRS-EU.

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	First half					
	Group Reporting Model		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
Net income before tax	(2,692)	1,890	(121)	(190)	(2,813)	1,700
Adjusted result:						
Depreciation of property, plant and equipment	1,547	1,580	(401)	(434)	1,146	1,146
Operating provisions	1,614	213	(939)	(37)	675	176
Other items	120	29	963	(283)	1,083	(254)
<b>EBITDA</b>	<b>589</b>	<b>3,712</b>	<b>(498)</b>	<b>(944)</b>	<b>91</b>	<b>2,768</b>

<sup>(1)</sup> Corresponds to "Net income before tax" and "Adjustments to income" in the consolidated Statement of Cash Flows prepared under IFRS-EU.

	Second quarter					
	Group Reporting Model		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
Upstream	331	1,150	(186)	(460)	145	690
Industrial	(156)	521	(6)	(10)	(162)	511
Commercial and Renewables	118	250	-	(3)	118	247
Corporate and others	(53)	(19)	4	(21)	(49)	(40)
<b>EBITDA</b>	<b>240</b>	<b>1,902</b>	<b>(188)</b>	<b>(494)</b>	<b>52</b>	<b>1,408</b>
Inventory effect	401	(83)	-	-	-	-
<b>CCS EBITDA</b>	<b>641</b>	<b>1,819</b>	<b>(188)</b>	<b>(494)</b>	<b>52</b>	<b>1,408</b>

<sup>(1)</sup> Corresponds to "Net income before tax" and "Adjustments to income" in the consolidated Statement of Cash Flows prepared under IFRS-EU.

	Second quarter					
	Group Reporting Model		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
Net income before tax	(2,280)	966	31	(107)	(2,249)	859
Adjusted result:						
Depreciation of property, plant and equipment	762	807	(198)	(212)	564	595
Operating provisions	1,591	117	(937)	(45)	654	72
Other items	167	12	916	(130)	1,083	(118)
<b>EBITDA</b>	<b>240</b>	<b>1,902</b>	<b>(188)</b>	<b>(494)</b>	<b>52</b>	<b>1,408</b>

<sup>(1)</sup> Corresponds to "Net income before tax" and "Adjustments to income" in the consolidated Statement of Cash Flows prepared under IFRS-EU.

## ROACE

NUMERATOR (Million euros)	1H 2020	1H 2019
<b>Operating income IFRS-EU</b>	<b>(1,670)</b>	<b>1,632</b>
Joint ventures reclassification	(843)	478
Income tax <sup>(1)</sup>	150	(802)
Net income from entities accounted for using the equity method, net of taxes	8	17
IFRS 16 impact	(21)	(27)
<b>I. ROACE result at weighted average cost</b>	<b>(2,376)</b>	<b>1,298</b>
<b>DENOMINATOR (Million euros)</b>	<b>1H 2020</b>	<b>1H 2019</b>
Total equity	23,089	31,035
Net debt	3,987	3,662
<b>Capital employed at period-end</b>	<b>27,076</b>	<b>34,697</b>
<b>II. Average capital employed <sup>(2)</sup></b>	<b>28,316</b>	<b>34,525</b>
<b>ROACE (I/II) <sup>(3)</sup> <sup>(4)</sup></b>	<b>(8.4)%</b>	<b>3.8%</b>

<sup>(1)</sup> Does not include income tax corresponding to financial income.

<sup>(2)</sup> This is the average balance of capital employed in continuing operations at the beginning and end of the period.

<sup>(3)</sup> ROACE for the six-month period. In previous periods this magnitude was annualized by simply extrapolating the results (with the exception of special results and earnings).

<sup>(4)</sup> ROACE on CCS (without taking into account the Inventory Effect) amounts to (3.9)%.

## ROACE with leases

NUMERATOR (Million euros)	1H 2020	1H 2019
<b>Operating income IFRS-EU</b>	<b>(1,670)</b>	<b>1,632</b>
Joint Venture reclassification	(843)	478
Income tax <sup>(1)</sup>	150	(802)
Net income from entities accounted for using the equity method, net of taxes	8	17
<b>I. ROACE result at weighted average cost</b>	<b>(2,355)</b>	<b>1,325</b>
<b>DENOMINATOR (Million euros)</b>	<b>1H 2020</b>	
Total equity	22,940	30,927
Net debt with leases	8,026	7,464
<b>Capital employed at period-end (with leases)</b>	<b>30,966</b>	<b>38,391</b>
<b>II. Average capital employed <sup>(2)</sup></b>	<b>32,128</b>	<b>38,158</b>
<b>ROACE with leases (I/II) <sup>(3)</sup></b>	<b>(7.3)%</b>	<b>3.5%</b>

<sup>(1)</sup> Does not include income tax corresponding to financial results.

<sup>(2)</sup> This is the average balance of capital employed in continuing operations at the beginning and end of the period.

<sup>(3)</sup> ROACE for the six-month period. In previous periods this magnitude was annualized by simply extrapolating the results (with the exception of special results and earnings).

## 2. Cash flow measures

### Free cash flow and Cash generated

	First half					
	Adjusted cash flow		Joint venture reclassification and others		Statement of cash flows – IFRS-EU	
	2020	2019	2020	2019	2020	2019
I. Cash flows from / (used in) operating activities	864	2,530	(247)	(658)	617	1,872
II. Cash flows from / (used in) investing activities	(692)	(1,437)	1,808	372	1,116	(1,065)
<b>Free cash flow (I+II)</b>	<b>172</b>	<b>1,093</b>	<b>1,561</b>	<b>(286)</b>	<b>1,733</b>	<b>807</b>
<b>Cash generated</b>	<b>(359)</b>	<b>(124)</b>	<b>1,605</b>	<b>(266)</b>	<b>1,246</b>	<b>(390)</b>
III. Cash flows from / (used in) financing activities and others <sup>(1)</sup>	2,127	(1,560)	(1,554)	269	573	(1,291)
<b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>	<b>2,299</b>	<b>(467)</b>	<b>7</b>	<b>(17)</b>	<b>2,306</b>	<b>(484)</b>
Cash and cash equivalents at the beginning of the period	3,218	5,021	(239)	(235)	2,979	4,786
Cash and cash equivalents at the end of the period	5,517	4,554	(232)	(252)	5,285	4,302

	Second quarter					
	Adjusted cash flow		Joint venture reclassification and others		Statement of cash flows – IFRS-EU	
	2020	2019	2020	2019	2020	2019
I. Cash flows from / (used in) operating activities	268	1,369	35	(258)	303	1,111
II. Cash flows from / (used in) investing activities	(485)	(869)	1,053	(105)	568	(974)
<b>Free cash flow (I+II)</b>	<b>(217)</b>	<b>500</b>	<b>1,088</b>	<b>(363)</b>	<b>871</b>	<b>137</b>
<b>Cash generated</b>	<b>(337)</b>	<b>111</b>	<b>1,121</b>	<b>(342)</b>	<b>784</b>	<b>(231)</b>
III. Cash flows from / (used in) financing activities and others <sup>(1)</sup>	2,300	(775)	(1,050)	467	1,250	(308)
<b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>	<b>2,083</b>	<b>(275)</b>	<b>38</b>	<b>104</b>	<b>2,121</b>	<b>(171)</b>
Cash and cash equivalents at the beginning of the period	3,434	4,829	(270)	(356)	3,164	4,473
Cash and cash equivalents at the end of the period	5,517	4,554	(232)	(252)	5,285	4,302

<sup>(1)</sup> Includes dividends paid out and payments on other equity instruments, interest payments, other proceeds from / (payments for) financing activities, proceeds from / (payments for) equity instruments, proceeds from / (payments for) issuance/(redemption) of financial liabilities and the effect of exchange rate fluctuations.

### Liquidity

	First half					
	Group Reporting Model		Joint venture reclassification		IFRS-EU	
	Jun - 2020	Dec - 2019	Jun - 2020	Dec - 2019	Jun - 2020	Dec - 2019
Cash and cash equivalents	5,517	3,218	(232)	(239)	5,285	2,979
Undrawn credit facilities	3,420	1,818	(9)	(10)	3,411	1,808
On-demand cash deposits <sup>(1)</sup>	825	2,631	-	-	825	2,631
<b>Liquidity</b>	<b>9,762</b>	<b>7,667</b>	<b>(241)</b>	<b>(249)</b>	<b>9,521</b>	<b>7,418</b>

<sup>(1)</sup> Repsol enters into contracts for time deposits that are nonetheless drawable on demand which are recorded in "Other current financial assets" insofar as they are not classifiable for accounting purposes as cash and cash equivalents.

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### Operating investments

	First half					
	Operating investments		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
Upstream	603	961	(99)	(253)	504	708
Industrial	227	306	(1)	(5)	226	301
Commercial and Renewables	259	176	(13)	(11)	246	165
Corporate and others	24	25	-	5	24	30
<b>TOTAL</b>	<b>1,113</b>	<b>1,468</b>	<b>(113)</b>	<b>(264)</b>	<b>1,000</b>	<b>1,204</b>

<sup>(1)</sup> This corresponds to "Payments on investments" in the consolidated statement of cash flows prepared under IFRS-EU, and does not include items corresponding to "Other financial assets."

	Second quarter					
	Operating investments		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
Upstream	214	562	(42)	(136)	172	426
Industrial	104	200	(3)	(25)	101	175
Commercial and Renewables	141	93	(1)	22	141	115
Corporate and others	20	15	-	4	20	19
<b>TOTAL</b>	<b>479</b>	<b>870</b>	<b>(46)</b>	<b>(135)</b>	<b>433</b>	<b>735</b>

<sup>(2)</sup> This corresponds to "Payments on investments" in the consolidated statement of cash flows prepared under IFRS-EU, and does not include items corresponding to "Other financial assets."

### 3. Financial position measures

#### Net Debt and Net Debt with leases

	Net Debt	Joint venture reclassification <sup>(1)</sup>	IFRS-EU Balance sheet
	Jun-20	Jun-20	Jun-20
<b>Non-current assets</b>			
Non-current financial instruments <sup>(2)</sup>	(118)	867	749
<b>Current assets</b>			
Other current financial assets	1,081	137	1,218
Cash and cash equivalents	5,517	(232)	5,285
<b>Non-current liabilities</b>			
Non-current financial liabilities <sup>(3)</sup>	(6,839)	(3,034)	(9,873)
<b>Current liabilities</b>			
Current financial liabilities <sup>(3)</sup>	(4,091)	(823)	(4,914)
<b>Off-balance sheet items</b>			
Mark-to-market financial derivatives (ex exchange rate derivatives) <sup>(4)</sup>	463	(380)	83
<b>NET DEBT <sup>(5)</sup></b>	<b>(3,987)</b>	<b>(3,465)</b>	<b>(7,452)</b>
Non-current lease liabilities (net) <sup>(6)</sup>	(3,482)	641	(2,841)
Current lease liabilities (net) <sup>(6)</sup>	(557)	62	(495)
<b>NET DEBT with leases</b>	<b>(8,026)</b>		<b>(10,788)</b>

<sup>(1)</sup> Mainly includes the net financing of the Repsol Sinopec Brazil Group, broken down into: Cash and cash equivalents of 51 million euros and current financial liabilities as a result of an intra-group loan of 2,995 million euros, less 49 million euros for third-party loans and 591 million euros for leases.

<sup>(2)</sup> Corresponds to "Non-current financial assets" on the consolidated balance sheet, excluding equity instruments.

<sup>(3)</sup> Excludes lease liabilities.

<sup>(4)</sup> The mark-to-market value of financial derivatives other than exchange rate derivatives is eliminated from this caption.

<sup>(5)</sup> The reconciliations of this figure for previous half-year periods are available at [www.repsol.com](http://www.repsol.com).

<sup>(6)</sup> Includes collection rights for subleases amounting to 29 million euros (20 million euros long-term and 9 million euros short-term).

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### Gross Debt and Gross Debt with leases

	Gross Debt	Joint venture reclassification	IFRS-EU Balance sheet
	Jun-20	Jun-20	Jun-20
Current financial liabilities <sup>(1)</sup>	(3,978)	(822)	(4,800)
Mark-to-market current exchange rate derivatives	(31)	0	(31)
<b>Current gross debt</b>	<b>(4,009)</b>	<b>(822)</b>	<b>(4,831)</b>
Non-current financial liabilities <sup>(1)</sup>	(6,743)	(3,035)	(9,778)
Mark-to-market of non-current exchange rate derivatives	(4)	0	(4)
<b>Non-current gross debt</b>	<b>(6,747)</b>	<b>(3,035)</b>	<b>(9,782)</b>
<b>GROSS DEBT <sup>(2)</sup></b>	<b>(10,756)</b>	<b>(3,856)</b>	<b>(14,613)</b>
Current lease liabilities	(566)	62	(504)
Non-current lease liabilities	(3,510)	649	(2,861)
<b>GROSS DEBT with leases</b>	<b>(14,832)</b>	<b>(3,146)</b>	<b>(17,978)</b>

<sup>(1)</sup> Lease liabilities not included.

<sup>(2)</sup> The reconciliations of this figure for previous periods are available at [www.repsol.com](http://www.repsol.com).

### Leverage ratio

Million euros	First half					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	2020	2019	2020	2019	2020	2019
Net debt	(8,026)	(7,464)	(2,762)	(2,337)	(10,788)	(9,801)
Capital employed	30,966	38,391	2,762	2,337	33,728	40,728
<b>Leverage with leases</b>	<b>25.9%</b>	<b>19.4%</b>			<b>32.0%</b>	<b>24.0%</b>

Millones de euros	First half					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	2020	2019	2020	2019	2020	2019
Net debt	(3,987)	(3,662)	(3,465)	(3,098)	(7,452)	(6,760)
Capital employed	27,076	34,697	3,465	3,098	30,541	37,795
<b>Leverage without leases</b>	<b>14.7%</b>	<b>10.6%</b>			<b>24.4%</b>	<b>17.9%</b>

### Solvency ratio

Million euros	First half					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	Jun - 2020	Dec - 2019	Jun - 2020	Dec - 2019	Jun - 2020	Dec - 2019
Liquidity	9,762	7,667	(241)	(249)	9,521	7,418
Current Gross debt	4,009	5,219	822	(10)	4,831	6,022
<b>Solvency</b>	<b>2.4</b>	<b>1.5</b>			<b>2.0</b>	<b>1.2</b>



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### Interest coverage

<i>Million euros</i>	First half					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	2020	2019	2020	2019	2020	2019
Interest <sup>(1)</sup>	104	114	13	10	117	124
EBITDA	589	3,712	(498)	(944)	91	2,768
<b>Interest coverage</b>	<b>17.7%</b>	<b>3.1%</b>			<b>128.5%</b>	<b>4.5%</b>

<sup>(1)</sup> Does not include the lease effect due to IFRS 16.

<i>Million euros</i>	Second quarter					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	2020	2019	2020	2019	2020	2019
Interest <sup>(1)</sup>	55	49	(1)	9	55	58
EBITDA	240	1,902	(188)	(494)	52	1,408
<b>Interest coverage</b>	<b>23.0%</b>	<b>2.6%</b>			<b>104.8%</b>	<b>4.1%</b>

<sup>(1)</sup> Does not include the lease effect due to IFRS 16.