

# Investor Update 2Q 2016

Repsol Investor Relations



**REPSOL**



# 2016-2020 Value & Resilience

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*In October 2015, the European Securities Markets Authority [ESMA] published the Guidelines on Alternative Performance Measures [APM], of mandatory application for the regulated information to be published from 3 July 2016. Information and disclosures related to APM used on the present Q2 2016 Webcast Presentation are included in Appendix I "Alternative Performance Measures" of the Interim Management Report for the six-month period ended 30 June 2016*

# 2016-2020 Value & Resilience

1. Company Overview
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4. Upstream
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# Company Overview

1

# Company overview

## 2Q16 key messages

- ✓ Driving for Cash Flow breakeven neutrality at \$40.
- ✓ **UPSTREAM**
  - **Above breakeven** at the Adj. Net Income level at current prices
  - Production **in line** with the Strategic Plan
  - Opex and capex optimization → **Upstream FCF breakeven \$60 objective**
- ✓ **DOWNSTREAM**
  - Major **maintenance** completed in our refineries will allow us to **capture all the potential** from our refining **conversion capacity** for the rest of the year
- ✓ **DIVESTMENTS**
  - **Programme on track**, continuing to evaluate portfolio options [\*].



[\*] In September 2016, Repsol and Criteria Caixa, reached an agreement with GIP to sell a combined 20% stake in Gas Natural SDG, S.A. for total aggregate consideration of €3.8Bn.

# Company overview

Repsol today - An integrated company operating across the entire value chain

~2.4 billion boe proved reserves (\*)

Integrated business model

Delivery on commitments

~ 700 kboepd production

Diversified and global portfolio

~1 million bpd refining capacity

World-class explorer

Core businesses: Upstream and Downstream

Capable and talented workforce

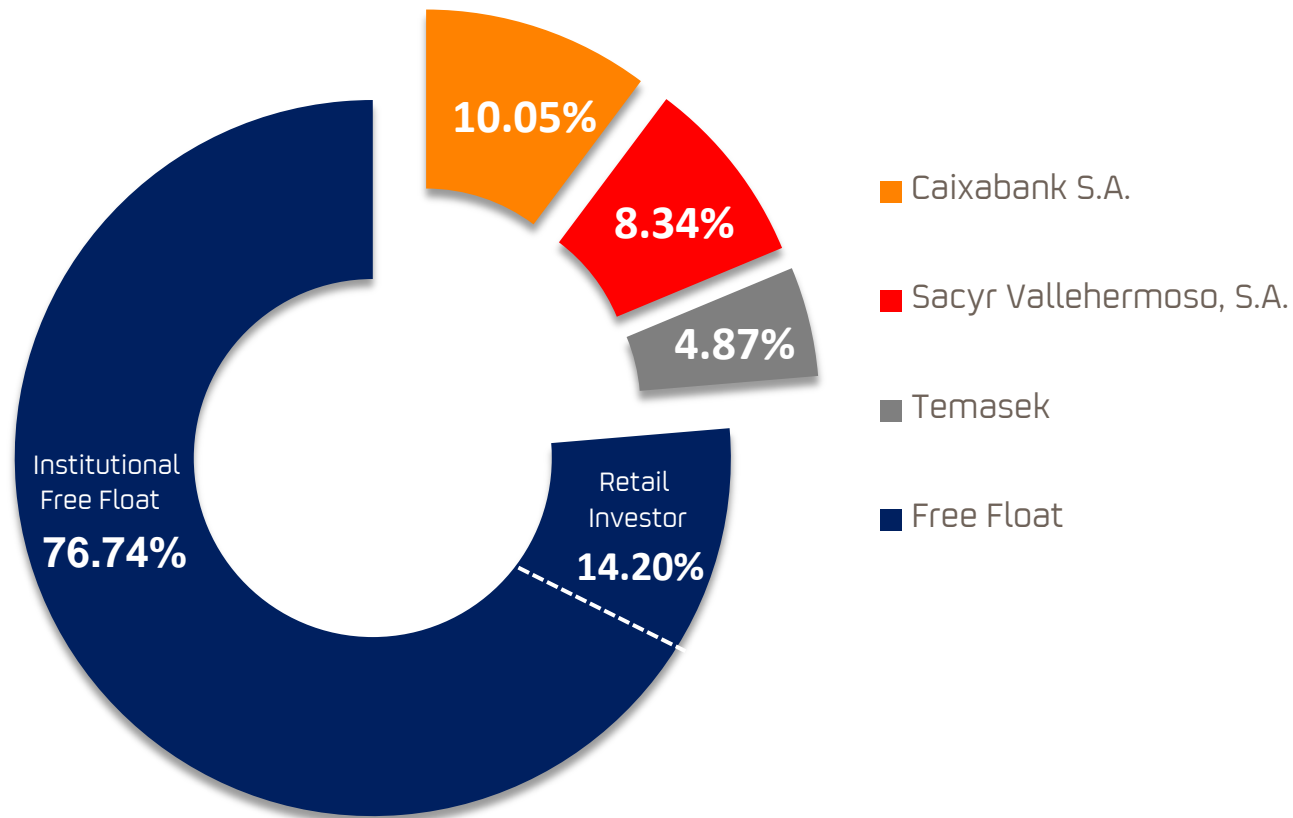
20% stake in Non-operated shareholding: GNF

Tier 1 Downstream



# Company overview

## Repsol's shareholders



**Total number of shares as of July 2016: 1,466 million**





# Key strategic lines 2016-2020

2



# Key strategic lines 2016-2020

## Value and resilience

### VALUE

Shift from **growth to value delivery**, prepared for the next growth wave

Commitment to **maintain shareholder compensation** in line with current company level

### RESILIENCE

**Top tier resilience among integrated companies**

**Self-financing strategy** even in a stress scenario

**FCF breakeven after dividends at \$40/bbl Brent<sup>[1]</sup>**

### PORTFOLIO MANAGEMENT

**Capex flexibility**

**[~46% Investment reduction vs. 2014]<sup>[2]</sup>**

**Creating value through portfolio management**

**[€6.2 B divestments: target of € 3.1 B in 2016-2017 period]<sup>[4]</sup>**

### EFFICIENCY

**Synergies and company-wide Efficiency Program** with strict accountability<sup>[3]</sup>:

**€2.1 B/y savings target in 2018**  
[€1.5 B Opex + €0.6 B Capex]

**> 50% target to be achieved in 2016**

**Creating value even in a stress scenario through efficiency and portfolio management**

[1] Repsol released a FCF Breakeven at \$50/Bbl on strategic plan 2016-2020 presentation. FCF breakeven at \$40/bbl with the revised scenario.

[2] Repsol released in 2015 full year results presentation an additional investment reduction for 2016-2017 period.

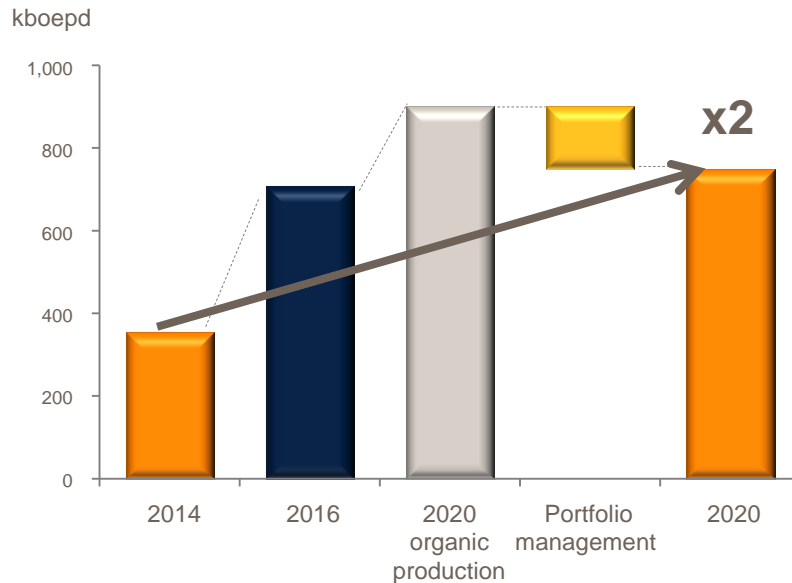
[3] By the end of the second quarter projects have commenced that will secure approximately 70 per cent of savings target for 2016.

[4] The 2016-2017 target has been already reached. As of September 2016, € 4.7B of divestments have been delivered.

# Key strategic lines 2016-2020

Shift from growth to value

## // Upstream production evolution //



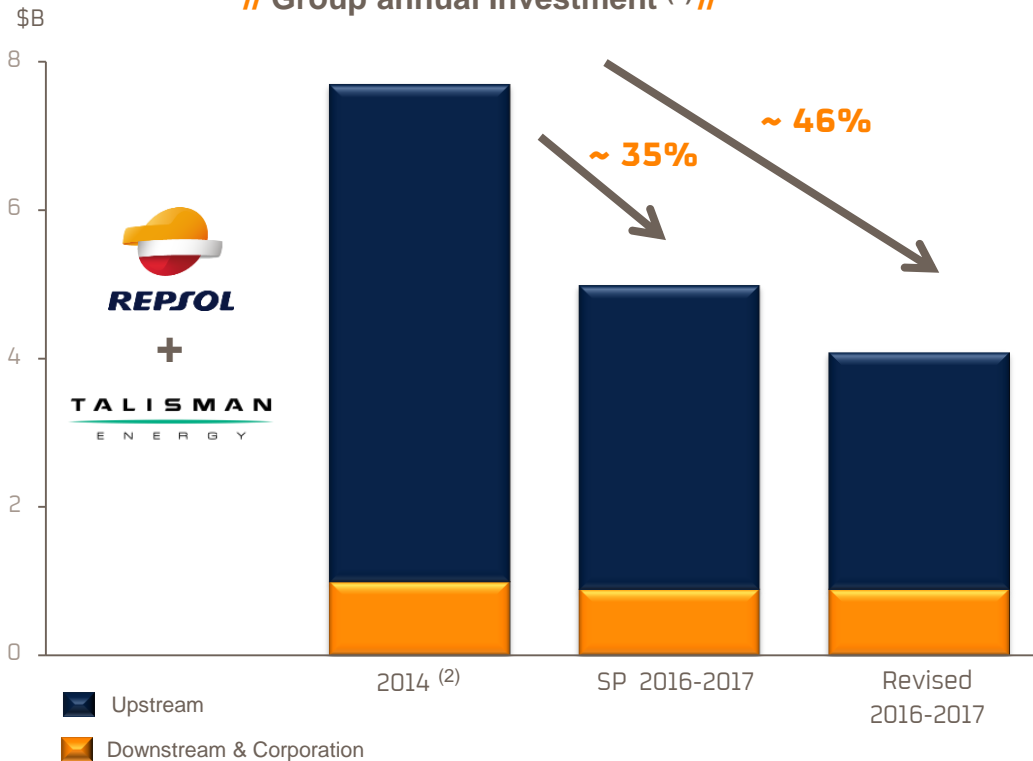
- Achieved critical mass in E&P business
- Extensive portfolio of assets and development projects
- Optionality to improve portfolio value by divestments

**Achieving optimal size and portfolio mix**

# Key strategic lines 2016-2020

Additional Investment reduction for 2016 and 2017 around **€1.8B**

// Group annual Investment <sup>(1)</sup> //



- Investment optimization and implementation of our efficiency measures.
- Low Downstream capital requirements.
- Deferring non-critical investment in development and producing assets.
- Keeping in 2016 our production level at around 700,000 barrels per day.

**Repsol shows flexibility in this challenging environment**

1. Investment does not include G&G and G&A from exploration.  
 2. 2014 Investment figure includes Repsol and Talisman.



# Key strategic lines 2016-2020

## Strict accountability on Efficiency Program

### Pre-tax cash savings

// 2016 //      // 2018 //

**Synergies**

**€0.2 B**

**€0.3 B**

**Upstream Opex &  
Capex efficiency**

**€0.6 B**

**€1.1 B**

**Downstream  
profit improvement  
and efficiency**

**€0.2 B**

**€0.5 B**

**Corporation right-  
sizing**

**€0.1 B**

**€0.2 B**

**€1.1 B (\*)**

**€2.1 B**

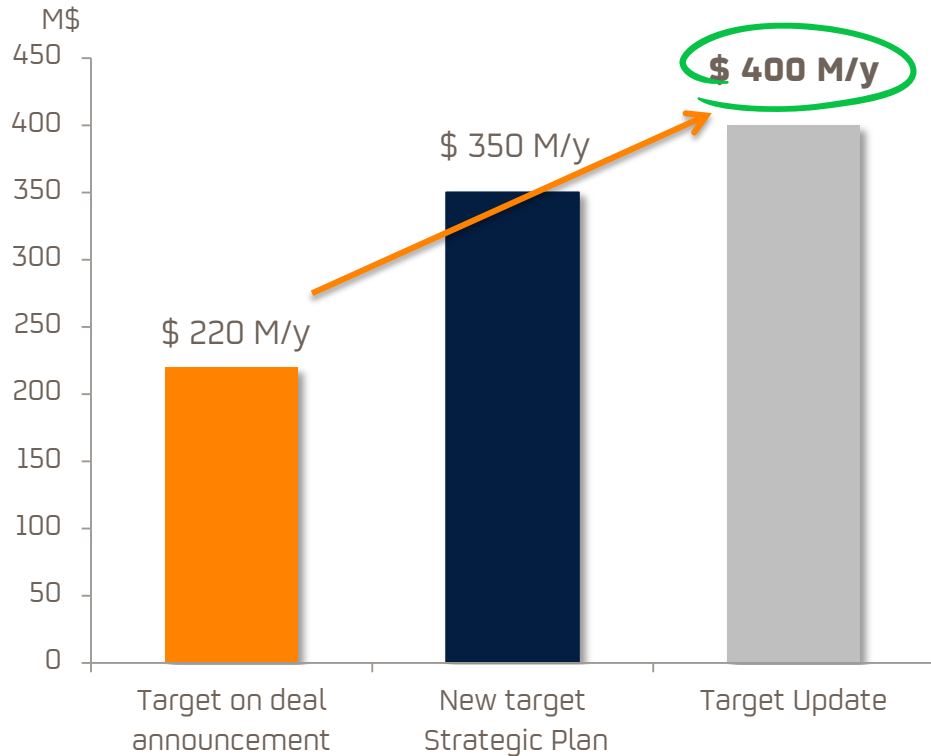
- Recurrent synergies target increased to 400M\$
- 90% of the run-rate target for 2016 synergies and 70 % of the planned synergies by 2020 already implemented.
- Upstream program ahead of schedule (700 efficiency initiatives identified)
- Downstream and Corporate on track.

**More than 50% of the efficiency plus synergies target in 2018 to be achieved in 2016**

# Key strategic lines 2016-2020

Synergies from Talisman integration are already being delivered

// €250M in 2016 of which ~200M already captured //



- **Finance:** repurchase of Talisman bonds and joint financial optimization
- **People and Organization:** workforce and contractor reduction from overlaps
- **IT:** application & infrastructure rationalization
- **Exploration:** highgrading of Talisman portfolio
- **General services:** joint insurance program

Repsol increases recurrent synergy target derived from Talisman Integration up to 400 M\$ pre-tax

# Key strategic lines 2016-2020

## Breakevens

// Group FCF breakeven after dividends and interests **[2016-2017]**<sup>(\*)</sup> //



**Resilience: \$40/bbl free cash flow breakeven after dividend and interests**

[\*] Scenario used to estimate breakevens (Stress case): Brent price of 40 \$/bbl for 2016 – 2017, and 50 \$/bbl flat 2018 – 2020; HH price of \$2.6/Mbtu for 2016 – 2017, and 3.5 \$/Mbtu 2018 – 2020; Repsol refining margin indicator of 6.9 \$/bbl for 2016 and 6.4 \$/bbl from 2017 onwards. Breakeven does not include any proceeds from divestments, with the exception of the piped LPG sale already accomplished in 2015.

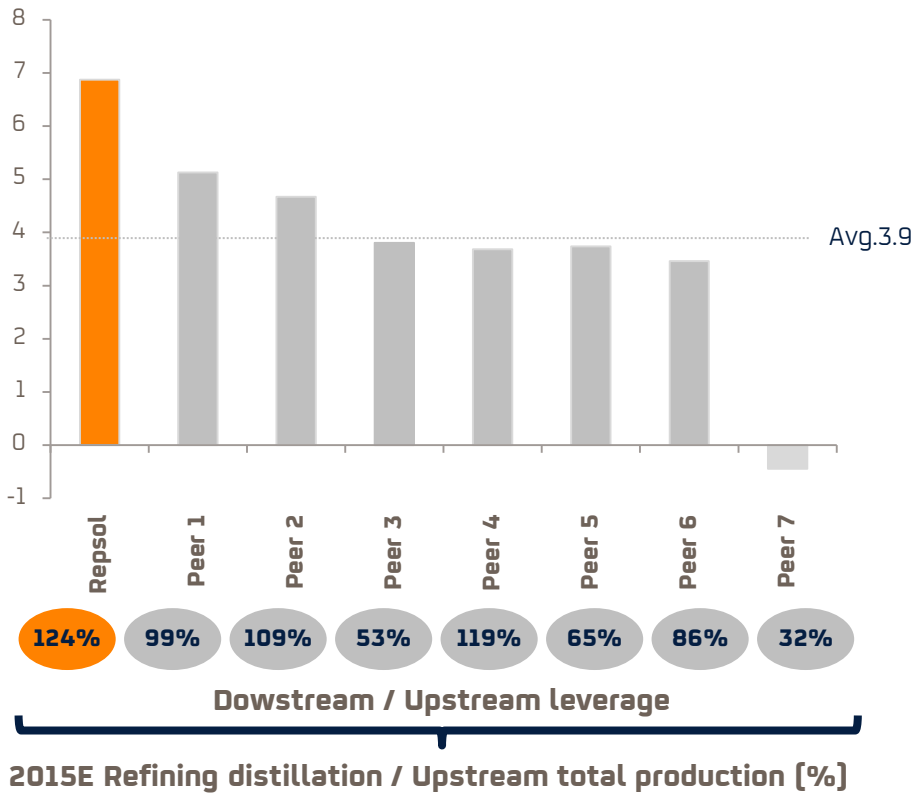
Repsol's Base case is: Brent price of 40, 55, 65, 75 and 85 \$/bbl from 2016 to 2020 respectively, HH price of 2.6, 3.2, 3.7, 4.2, 4.8 \$/Mbtu from 2016 to 2020 respectively and Repsol refining margin indicator of 6.9 \$/bbl for 2016 and 6.4 \$/bbl from 2017 onwards.



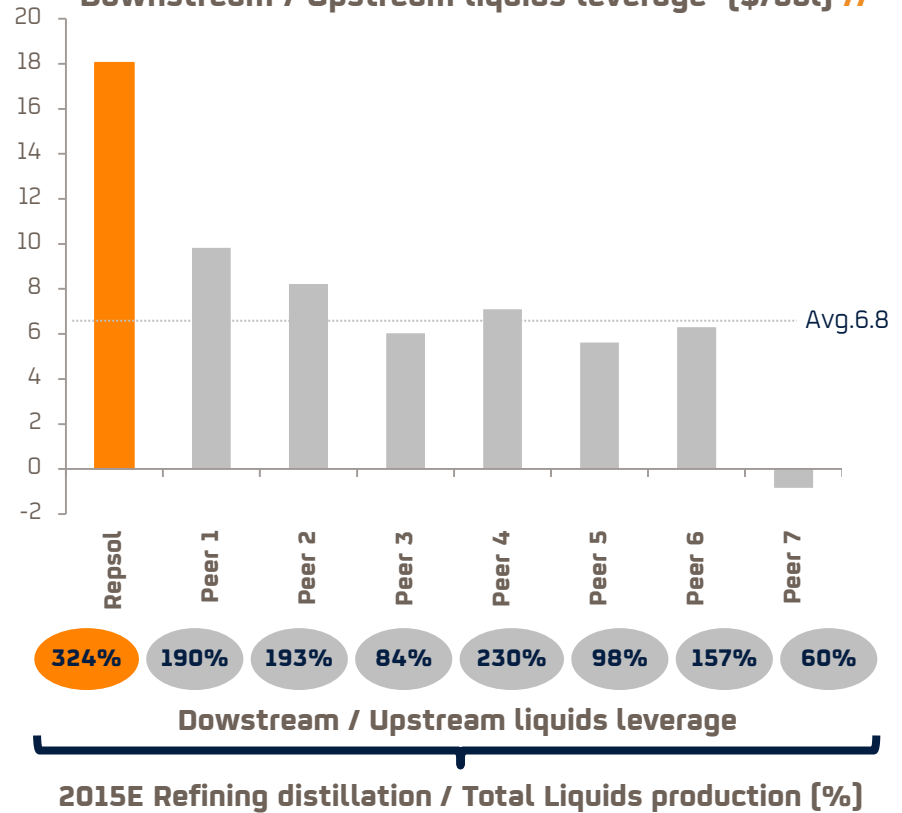
# Key strategic lines 2016-2020

## Repsol profits from a high Downstream/Upstream leverage

// Avg 2010-15 R&M integrated margin <sup>(1)</sup> x 2015E  
Downstream / Upstream leverage (\$/bbl) //



// Avg 2010-15 R&M integrated margin <sup>(1)</sup> x 2015E  
Downstream / Upstream liquids leverage (\$/bbl) //



<sup>(1)</sup> Figures based on 3Q15 reported information. R&M operating profit is a proxy of the impact in FCF breakeven under the assumption that Investments=Depreciation. Integrated R&M margin calculated as CCS/LIFO-Adjusted operating profit from the R&M segment divided by the total volume of crude processed (excludes petrochemicals business). Source: company filings

\* Peers companies considered: BP, Shell, Chevron, Total, Exxon, OMV and ENI

# Key strategic lines 2016-2020

Self-financed Strategic Plan even under the stress scenario

## // Cash movements 2016-2020 //



- Reduction of our investment budget in 2016 below €4B
- Investment reduction for 2016 and 2017 around €1.8B
- Acceleration of efficiency and synergy target in 2016 → €1.2B
- Reduction of Group FCF breakeven to 40\$

Sensitivities [5 years accumulated]	FCF	Adj. Net Income
Brent +/- \$5/bbl	€1.5B -€1.5B	€1.3B -€1.3B
Henry Hub +/- \$0.5/Mbtu	€0.8B -€0.8B	€0.6B -€0.6B
Refining Margin +/- \$1/bbl	€0.8B -€0.9B	€1.1B -€1.1B

[\*] The 2017 target has been already reached. As of September 2016, € 4.7B of divestments have been delivered



# Progress of Strategic Plan

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## Strategic Commitments Follow up

### Investment in 2016

- ✓ **↓ Exploration**
- ✓ Deferral of **non-critical investments**
- ✓ Capture of sector wide **deflation**
- ✓ **Re-visit on-going development** projects

**<€3.9B**

### Efficiency & Synergies

- ✓ Target represents more than half of the 2018 objective:
  - ✓ **Upstream:** 1H16 achieved more than 50% of our full year objective.
  - ✓ **Downstream:** in line with our targets
  - ✓ **Corporation:** in line with our targets
- ✓ Pre-tax cash impact in 1H16 more than 600 million Euros

**>€1.2B<sup>(\*)</sup>**

### Cash Neutrality break-even

- ✓ **Investment reduction**
- ✓ **Opex efficiency targets**
- ✓ **Synergies capture**

**~40\$/bbl**

# Progress of Strategic Plan



## Strategic Commitments Follow up

### Efficiency & Synergies Program



	Target 2016	2016 Estimate
<b>Synergies</b>	<b>0.2</b>	<b>0.2</b>
<b>Efficiencies</b>	<b>0.9</b>	<b>1.0</b>
<b>Total [B€]</b>	<b>1.1</b>	<b>1.2</b>

### Investment Flexibility



	Target 16-17	1H16
<b>Repsol Investment [B€]</b>	<b>~3.9</b>	<b>1.6</b>

### Divestments & Management Portfolio



	Target 16-17	1H16
<b>Divestments [B€]</b>	<b>3.1</b>	<b>2.8<sup>[1]</sup></b>
<b>Production [kboed]</b>	<b>706 <sup>[2]</sup></b>	<b>705</b>

### Value & Resilience



	Target	1H16
<b>CF Neutrality BE [\$ /boe] <sup>[3]</sup></b>	<b>~40</b>	<b>~40</b>
<b>E&amp;P FCF BE [\$ /boe]</b>	<b>~65</b>	<b>~65</b>

[1] Includes projected proceeds on agreed transactions and other operations. It does not include the sale of the 10% stake of Gas Natural Fenosa.

[2] 2016 Annual Budget.

[3] FCF after interests and dividends [-0.8 €/share for this year]

### Finance Commitments



	Target	Actual
<b>Investment Grade</b>	<b>Maintain</b>	<b>Maintain</b>

## Portfolio management



**GNF**

### **Sale of a 10% stake in Gas Natural Fenosa to Global Infrastructure Partners (“GIP”)**

- Around €1.9bn of proceeds.
- The capital gain that this disposition generates is approximately 246 million euros.



**Wind Power**

### **Sale of our offshore wind power business in the UK for 238 million euros**

- After tax capital gain of 109M€
- Cash from this sale is expected to be received during 2Q 2016



**CLH**

### **Sale of Repsol's 10% stake in CLH**

- We sold our stake in CLH for 325 million Euros
- Around 300 million Euros of capital gains



**Piped LPG**

### **Sale of the Piped LPG business for 788 M€**

- Generating an estimated pre-tax capital gain of ~470 M€
- Will be cashed-in mostly in 2016. Capital gains also to be booked mainly in 2016



**Peru & Ecuador LPG**

### **Sale LPG businesses in Peru and Ecuador**

- Agreement with Abastible company totalling 335 million dollars transaction
- A multiple of approximately 8 times EBITDA



**Alaska dilution**

### **Agreement with our partner Armstrong to dilute our position in North Slope**

- Positive impact on our cash flow of around 700 million Euros



**E.F. Gudrun**

### **Eagle Ford divestment and acquisition of Norwegian producing assets**

- Significant improvement in the cash flow generation in 2015-2017
- Improvement of operations thorough the nomination of a single operator



**Yme**

### **Transfer of our 60 per cent stake in the Yme field to OKEA**

- Saving 200 million euros of decommissioning costs in the 2016-2020 period



**TLM Bonds**

### **Repsol amortizes part of TLM's debt and reduces its financing costs by >80M\$/year**

- Repsol amortizes TLM bonds in the amount of approximately 2.7 billion dollars
- Total capital gain of approximately 300 M\$ pre tax





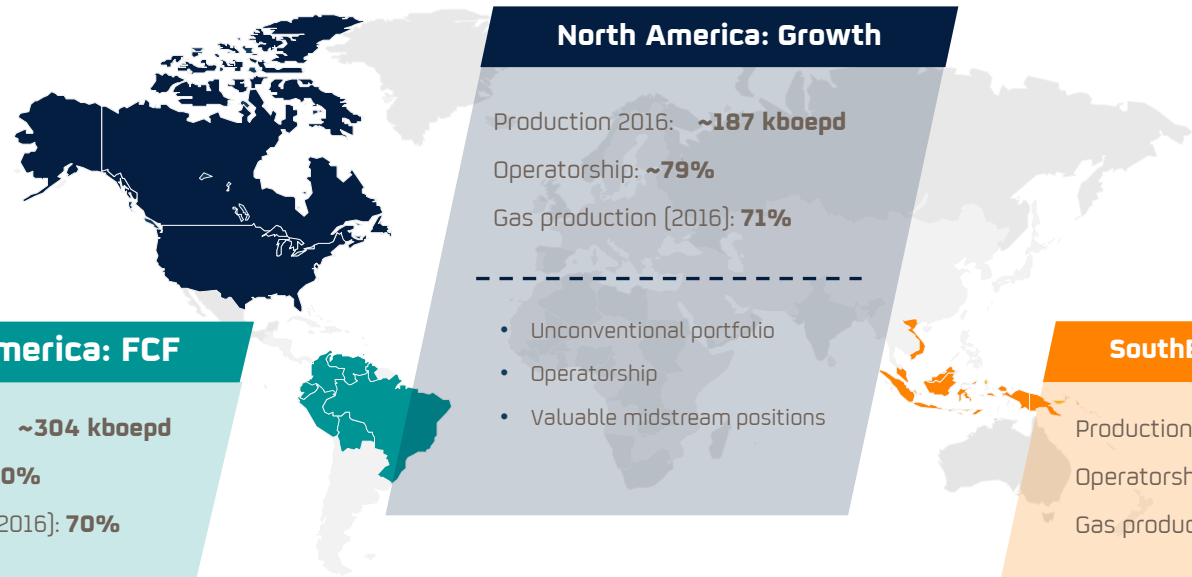
**Upstream**

**4**



# UPSTREAM

## 3 core regions in the portfolio



### Latin America: FCF

Production 2016: **~304 kboepd**  
 Operatorship: **~20%**  
 Gas production (2016): **70%**

- Regional scale
- Exploration track record
- Cultural fit

### North America: Growth

Production 2016: **~187 kboepd**  
 Operatorship: **~79%**  
 Gas production (2016): **71%**

- Unconventional portfolio
- Operatorship
- Valuable midstream positions

### SouthEast Asia: FCF & Growth

Production 2016: **~102 kboepd**  
 Operatorship: **~37%**  
 Gas production (2016): **77%**

- Self-financed growth
- Relationship with governments/NOCs
- High potential exploration blocks

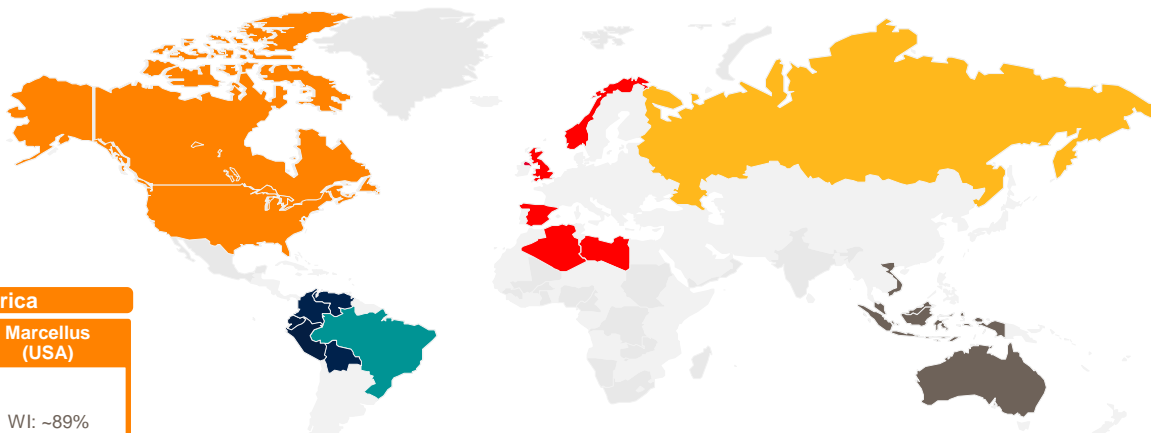
### Main Figures

- **Current Production** **~ 700 Kboed**
- **1P Reserves (\*)** **2,373 MMboed**

NOTE: Europe, Africa & Brazil ~ 112 kboe/day  
 [\*] As at 31/12/2015

# UPSTREAM

An extensive pipeline of organic opportunities



## North America

**Eagle Ford (USA)**

**Marcellus (USA)**

WI: ~31% in basin and 37% in JV

WI: ~89%

**Duvernay (Canada)**

**GoM / Mid-continent (USA)**

WI: 100%

WI: 28%/~11%

## Brazil

**Sapinhoa (former Guara)**

**Lapa (former Carioca)**

WI: 15%

WI: 15%

## Africa & Europe

**Reggane (Algeria)**

**MonArb / Flyndre Cawdor (UK)**

WI: 29.25%

WI: 30% Redevelopment

## Latin America

**M. - Huacaya (Bolivia)**

**Carabobo – AEP (Venezuela)**

**Cardon IV (Venezuela)**

**Kinteroni + Sagari (Peru)**

**Akacias (Colombia)**

WI: 37.5%

WI: 11%

WI: 50%

WI: 53.8%

WI: 45%

## SouthEast Asia

**PM3, Kinabalu (Malaysia)**

**C. & J. Merang (Indonesia)**

**Red Emperor (Vietnam)**

WI: 41.4% PM3\*  
WI: 60% K

WI: 36% C / 25% JM

WI: 46.8%

## // Exploration //

### Contingent resources

- Unconventional North America
- Brazil: Campos-33, Sagitario
- Russia: Karabashky
- Colombia: CP09 & Niscota
- Alaska: Colville High
- GOM: Leon
- Indonesia: Sakakemang
- Vietnam: Red Emperor extension
- Kurdistan
- PNG: PDL10

### Prospective resources

- Brazil: Santos Basin & Espirito Santo
- Colombia: RC11, RC12 & Tayrona
- Unconventional North America
- GOM
- Peru
- Guyana
- Angola
- Romania
- Portugal
- Norway
- Indonesia
- Malaysia
- Vietnam
- PNG
- Bulgaria

“As is” organic portfolio potential of more than 900 kboepd

# UPSTREAM



## Projects activity in 2016

### NORTH AMERICA



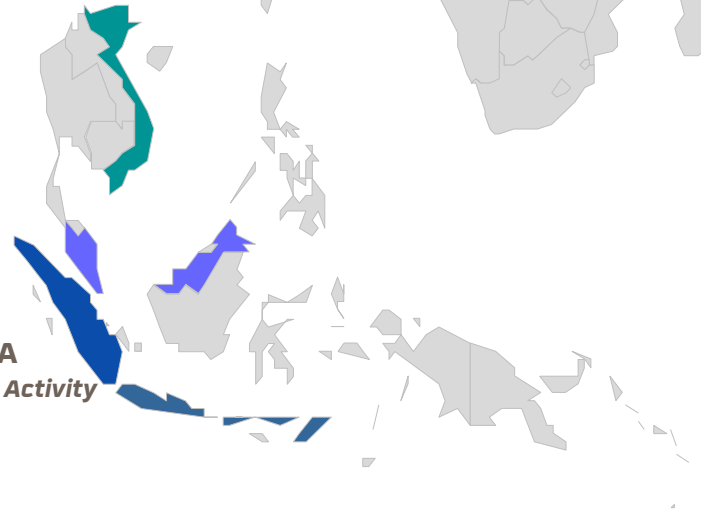
### ALGERIA

*Reganne & Sud-Est-Illizi*



### VIETNAM

*Red Emperor*



### MALAYSIA

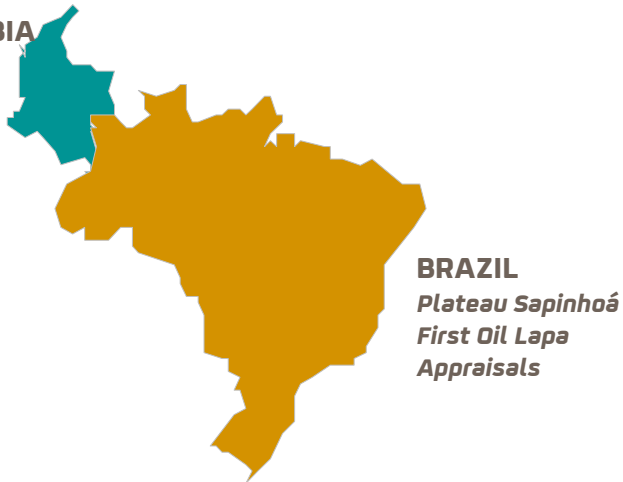
*Redevelopment Kinabalu and Bunga Pakma*

### INDONESIA

*Exploration Activity*

### COLOMBIA

*Akacias*



\* Additional exploration activity in Angola, Romania, Bulgaria and PNG.



## Operational activity. Development projects

### *Brazil: Sapinhoá & Lapa*

- **Sapinhoá:** Plateau is expected in second half of 2016
- **Lapa:** First oil is expected in 3Q16 [ahead of schedule].

### *UK: MonArb & Flyndre/Cawdor*

- First oil expected in the first half of 2017

### *Malaysia: Bunga Pakma & Kinabalu*

- First production projected for 2018 and 2019 respectively

### *Vietnam: Red Emperor*

- Project taken advantage of falling industry costs
- First production is planned for end of 2019

### *USA: Marcellus*

- Higher production YoY.
- Cash breakeven close to \$2/Mbtu
- Cash generative at current prices

### *Peru: Kinteroni & Sagari*

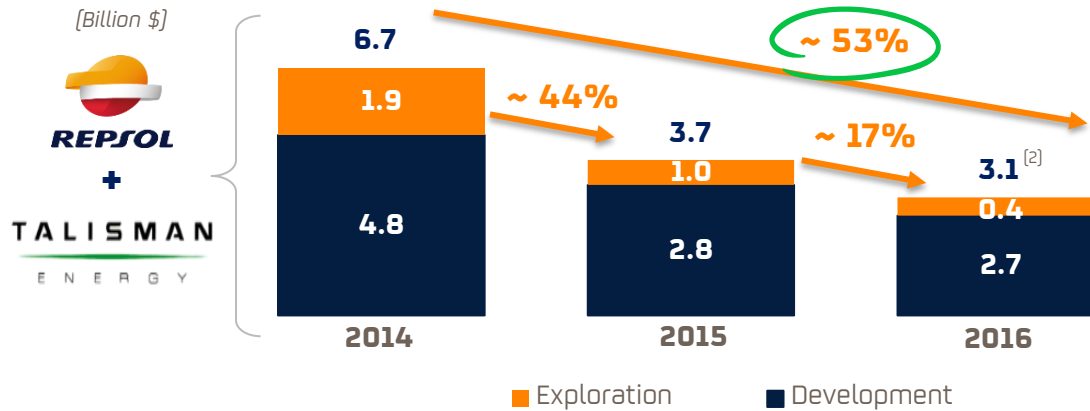
- Production from **Kinteroni** increased in April to 160 million square cubic feet of gas per day
- In **Sagari** first gas planned for 2018.

### *T&T: Juniper*

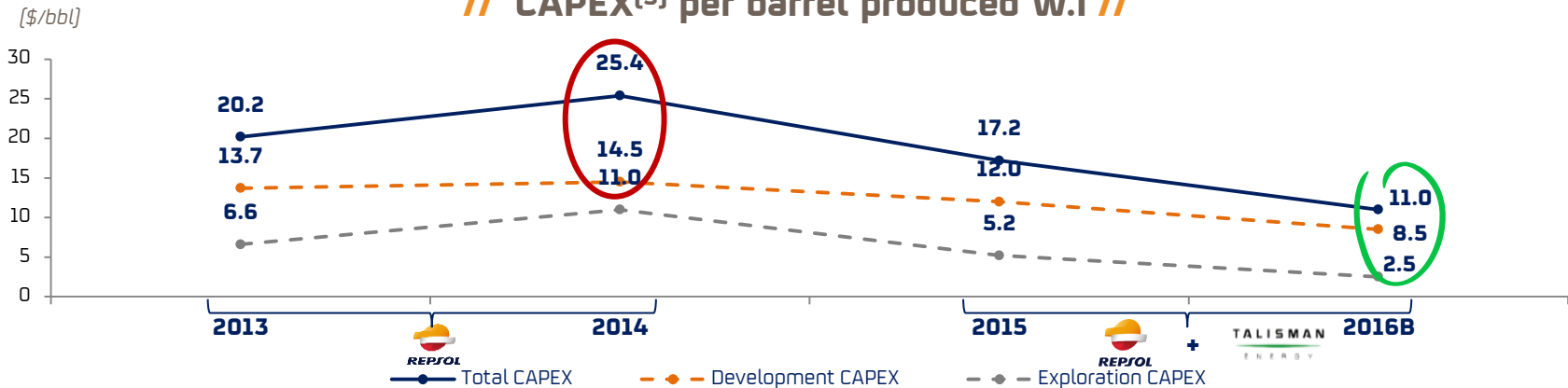
- Start-up is planned for 2017.
- This offshore shallow water project will reach peak production of 95 Kboed [Repsol owns 30%]

## Portfolio management: Flexibility to optimize capital allocation

### // Upstream Investments<sup>[1]</sup> //



### // CAPEX<sup>[3]</sup> per barrel produced W.I //

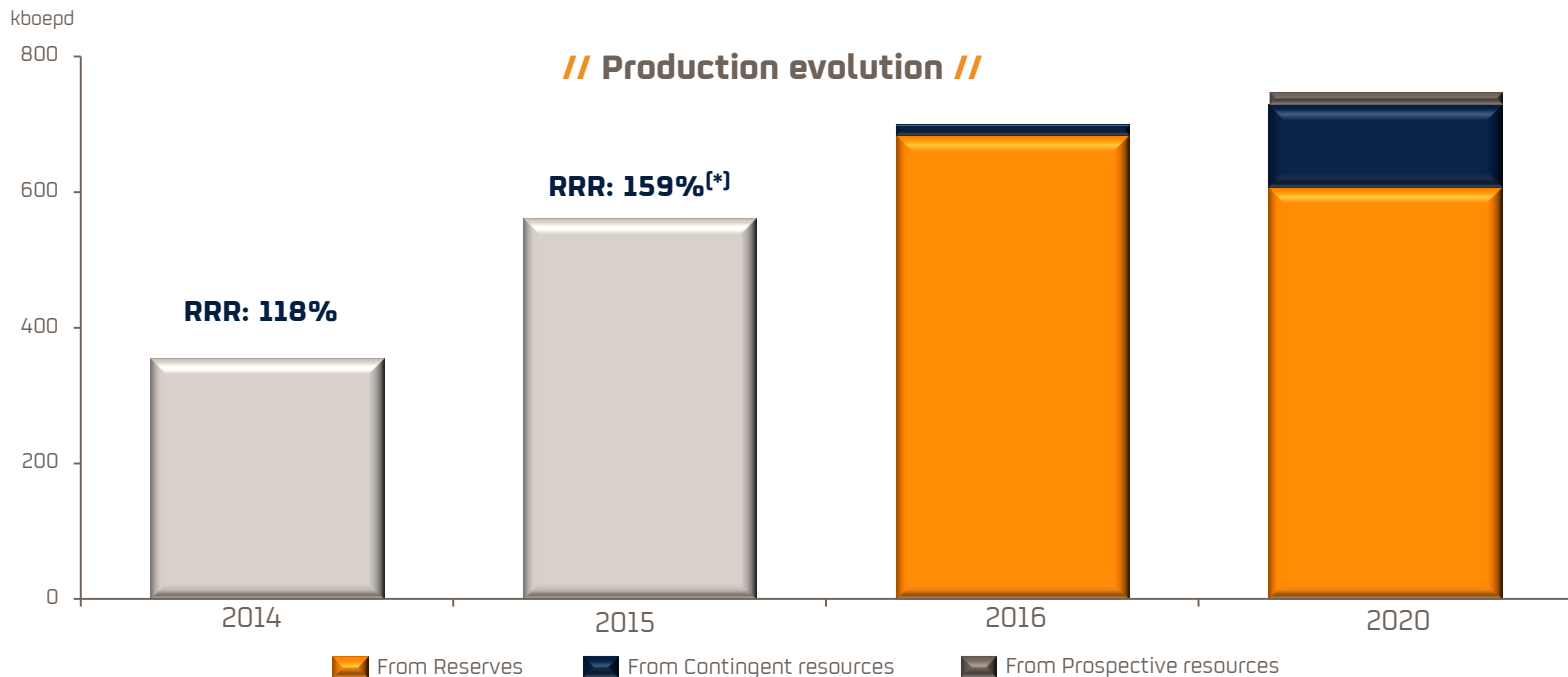


[1] Investment excluding G&G and G&A from exploration and including efficiencies  
 [2] 2016 Investment € 2.9 Bn [exchange rate 1.07 \$/€]

[3] CAPEX including G&G and G&A from exploration and including efficiencies

## Portfolio management: Capex

Capex optimization will have no impact on production because of the previous investment cycle from Repsol's legacy assets (Average RRR 2011-2013: 214 %)



**Production delivered from current reserves and resources**

[\*] Organic Reserve ratio excluding the acquisition of Talisman and other inorganic transactions (RRR 500% inorganic)

# UPSTREAM

## E&P Cost Efficiency Program

### // Levers //

**Business units  
(Opex & Operational  
Capex)**

- Technical standardization
- Operational uptime increase
- Procurement & logistics optimization
- Organizational right-sizing

Large capital projects

- Post -FID projects: Efficiency gains, scope challenge
- Pre-FID projects: Lean and cost-efficient engineering and supply chain design, collaborative approach with contractors, integrated project execution, ...

**Exploration  
& drilling**

- Simplification of geological targets, coring, testing
- Well design standardization
- Planning and execution efficiencies
- Procurement & logistics optimization
- Organizational right-sizing

Support  
functions

- Ongoing analysis of added value for every task
- Organization right-sizing
- Optimize support functions

**€1.1 B/y  
savings  
by 2018**

**~€0.6 B/y  
Capex**

**+**

**~€0.5 B/y  
Opex**

**More than 50% of the efficiency target in 2018 to be achieved in 2016  
~€0.6 B/y savings by 2016.**



## Examples of improvements in Talisman legacy assets

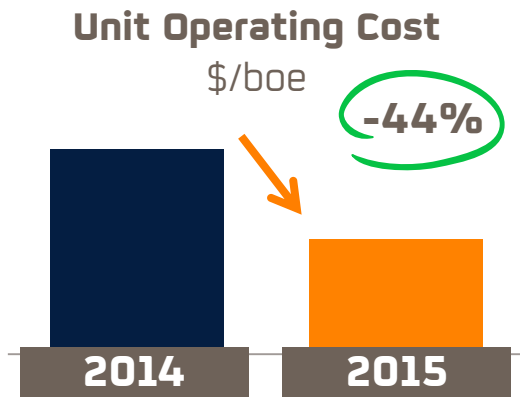
### UK

#### Improved Recovery Factor:

- Develop a prioritized inventory of qualifying capital projects to be used in the asset strategy definition.

#### Improved Operational Efficiency:

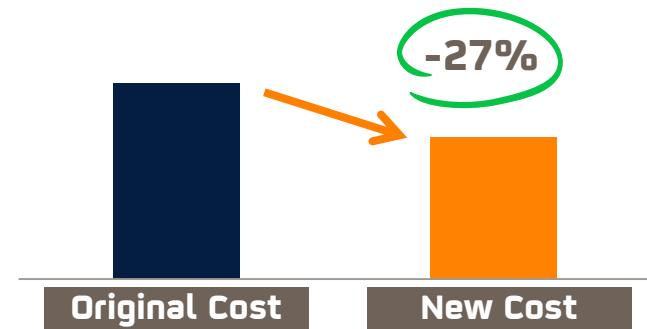
- Contribute to the stretch objective of TSEUK producing >50kboe/d, with significant improvement in the per barrel profitability.
- Optimize Capex and Opex.



### MARCELLUS

#### Marcellus Fracking pricing:

Marcellus frac cost per stage  
USD Thousands/year



#### Marcellus commercialization:

- Practice of **selling excess capacity** has been **replaced with purchase of gas from 3rd parties**, leveraging Repsol Trading capabilities in North America.
- Lower effective transport cost through positive net revenues from buy/sell margins, underpinning business profitability.



**Downstream**

**5**

# DOWNSTREAM



Downstream to provide sustainable value

Maximize  
performance

- Taking advantage of the integration between refining and marketing businesses with focus on reliability

Capital discipline

- Discipline in capital allocation
- Divestments of non-core assets for value creation

Margin improvement  
&  
Efficiency Program

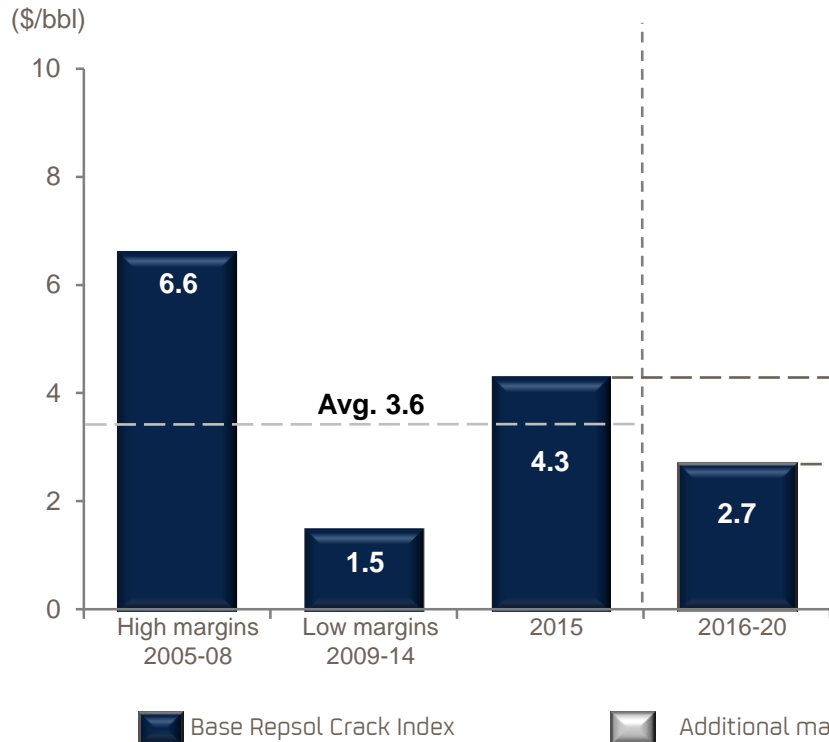
- Optimizing integrated margin across businesses
- Strong focus on reducing energy cost and CO<sub>2</sub> emissions

**Objective to generate FCF ~ €1.7 B/y (average 2016-2020)**

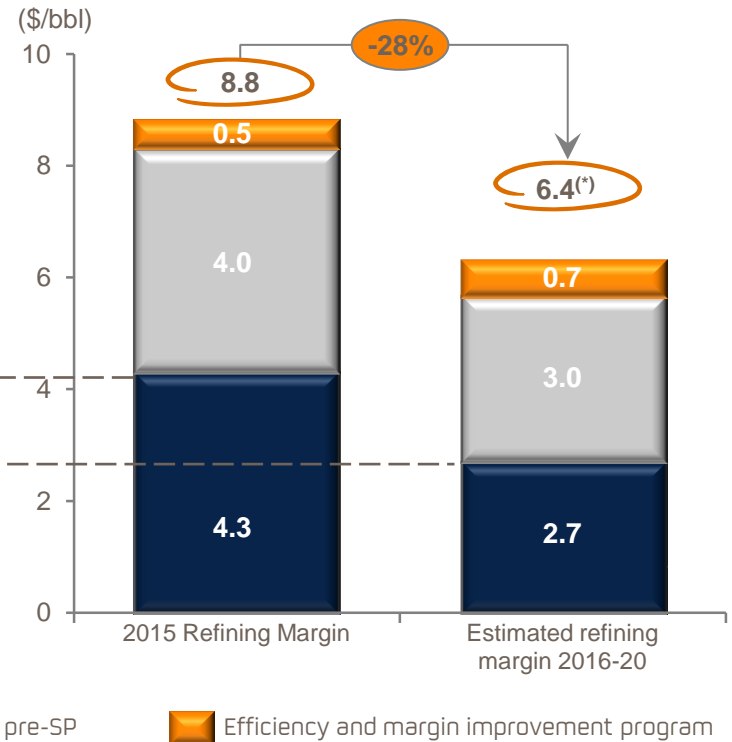
## Repsol's refining margin indicator evolution

Margins back to a mid cycle scenario

### Base Repsol Crack Index<sup>1</sup> 2005-2020



### Repsol Refining margin index evolution



<sup>1</sup> Without taking into account margin from projects and efficiency improvement program

**Note:** Since the start up of the Bilbao and Cartagena projects, the premium went up from 1.6\$/bbl in 2012 to 2.8\$/bbl in 2014 and 4.3\$/bbl in the first three quarters of 2015

[\*] 2016 Budget assumption : 6.9 \$/bbl



# DOWNSTREAM



## Fundamentals support sustained Repsol refining margins

### Lower Opex

- ✓ Lower oil and gas prices

### Growing refined products demand

- ✓ Average demand growth of 1.2% for 2016-2020 on top of strong 2015 demand
- ✓ Spain fuels demand growth at 4% in 2015

### European refineries at high utilization of effective capacity

- ✓ Lower EU effective capacity due to low maintenance activity in recent years
- ✓ Low Brent-WTI and NBP-HH gaps and low \$/€ exchange rate

### Restarts unlikely in EU

- ✓ Restarts unlikely due to required investment in working capital and fixed costs with long-term uncertainties remaining for less competitive refineries in EU

### Refining project delays and cancellations

- ✓ Capacity-addition delays and cancellations due to stressed cash position of integrated companies and NOCs

### Demand vs. effective capacity tighter than previous years

- ✓ Capacity additions offset by growing demand

### Light-Heavy differentials

- ✓ Marpol <sup>(1)</sup> increases diesel demand, while lowering fuel oil demand and price
- ✓ Large increase in production of heavy crudes

## Downstream efficiency and margin improvement program

~€0.5 B/y from Downstream efficiency improvement in 2018

// Projects //

// Levers //

// EBIT increase by 2018 //

**Refining**

- Energy cost reduction
- Improved planning to increase crude supply flexibility
- Operations optimization including fixed-cost reductions
- Increased asphalt production in Peru

~€250 M/y

**Integrated margin**

- Optimization of integrated margin across the value chain with: optimization of crackers supply, processing challenging crude...

~€100 M/y

**Commercial businesses**

- Network structure optimization
- Logistics and planning improvements

~€100 M/y

**Chemicals**

- Operational improvement focused on raw material flexibility and facilities reliability
- Optimization of pricing strategy

~€50 M/y

**Total target of ~€0.5 B/y**

**Downstream efficiency program on track: ~€0.2 B/y savings by 2016**

## 2016-2020 Downstream strategy

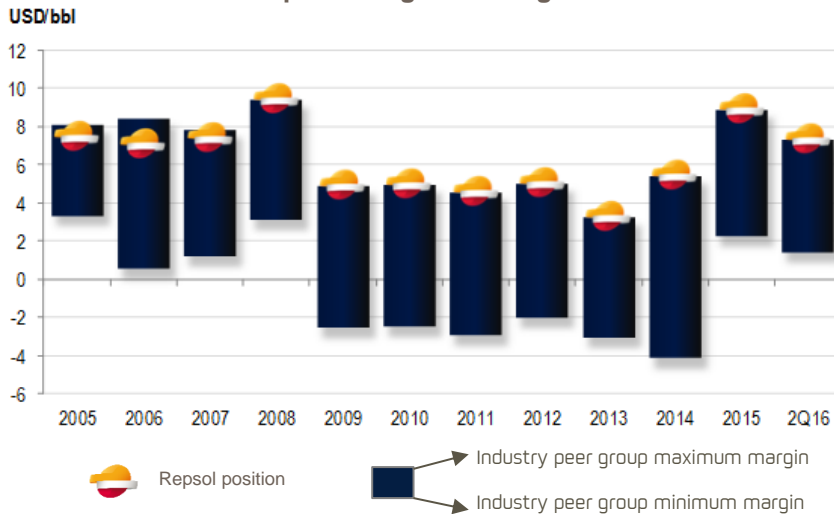
Maximizing value and cash generation leveraged on fully invested assets

### // Sustainable value from quality assets //

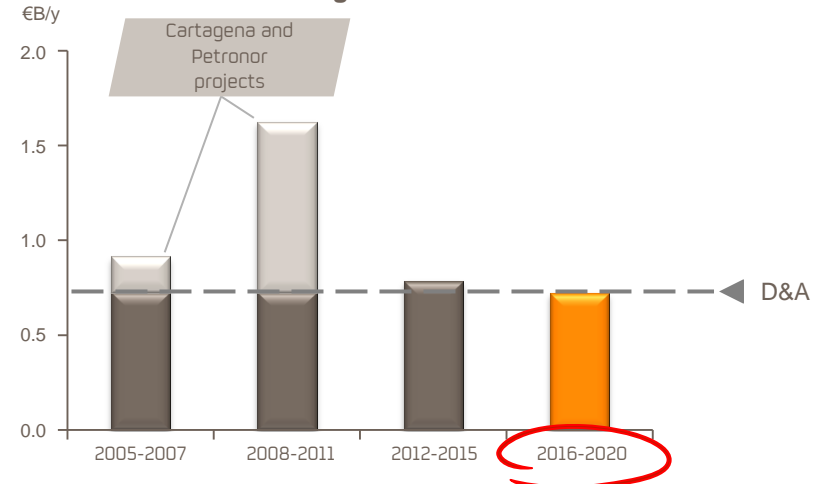
Repsol in leading position among european peers

### // Investment discipline //

European Integrated Margin of R&M



Average investments



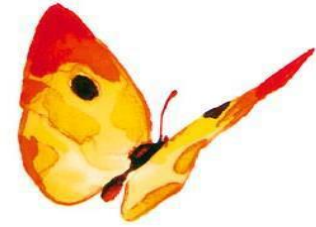
**Downstream resilience reinforced by commercial business integration with industrial businesses**

Note: Integrated R&M margin calculated as CCS/LIFO-Adjusted operating profit from the R&M segment divided by the total volume of crude processed (excludes petrochemicals business) of a 9-member peer group.

Based on annual reports and Repsol's estimates. Source: Company filings.

Peers: 2015: Eni, Total, Cepsa, Galp, Saras, OMV, MOL, Neste Oil, Hellenic // 2014 and previous: Eni, Total, Cepsa, Galp, Saras, OMV, MOL, PKN Orlen, Hellenic.

**gasNatural**  
**fenosa**



**Gas Natural Fenosa**

**6**

Strong profitability with long term vision

**20% of valuable stake in a leading gas & power company**

**Stable dividend with growth potential (\*)**

**Strong profitability performance  
(well above wacc and not linked to oil price)**

**Provides strategic optionality for stronger role of gas and  
renewables in energy mix**

**Liquid investment that provides financial optionality**





**Financial outlook**

**7**

**Sound track record  
in managing adverse  
conditions**

**Resilient Plan with  
stronger business profile**

**Conservative  
financial policy**



**Commitment to reduce debt**

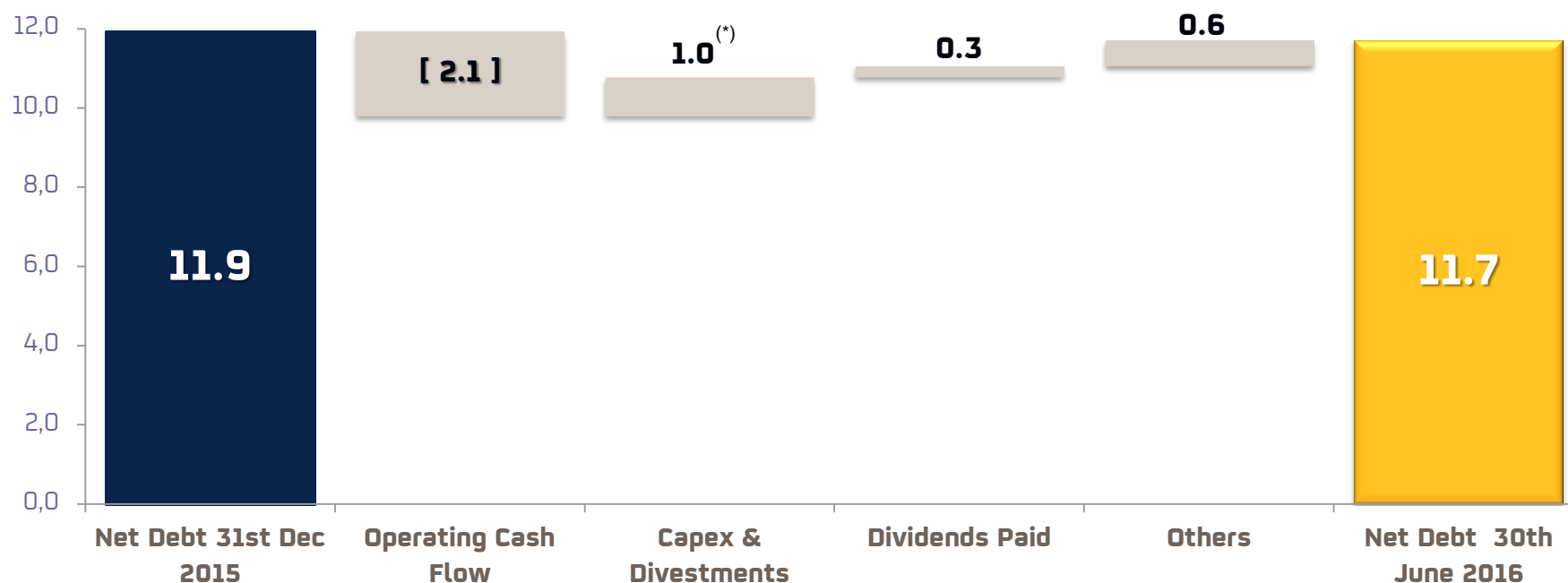
**The three Rating Agencies, Standard & Poor's, Moody's and Fitch, confirmed and maintained our previous ratings, BBB-, Baa2 and BBB respectively.**

**Commitment to maintain shareholder compensation  
in line with current company level**

## 1H2016 Net Debt evolution

### // Net Debt Evolution after paying dividends //

[Billion €]



- **Fitch, Standard and Poor's and Moodys confirmed Repsol Investment Grade.**
- **S&P revised its assessment on Repsol's 2Bn€ hybrids bonds and restored the "intermediate equity" content.**

[\*] Investments : €1.7 B for 1H16

Divestments: it does not include the € 1.9 B proceeds from the sale of a 10% stake in Gas Natural Fenosa





**2016 Outlook**

**8**

- ✓ **Divestment program** progressing well with 2017 target already delivered, proceeds over €2.6 B in the 2<sup>nd</sup> half of 2016.
- ✓ **Downstream** projected to deliver ~€3 billion free cash flow in 2016.
- ✓ Production volumes in line with Strategic Plan at **~700,000 barrels** per day.
- ✓ **Capex and Opex** company wide optimization is helping drive free cash flow breakeven below \$45 per barrel .
- ✓ **Efficiency and Synergy** project set to deliver **€1.2 billion** benefit in 2016.
  - ✓ Making excellent progress in 2016, on track to deliver on longer term strategic targets and by the end of the second quarter, projects have commenced that will secure approximately 70% of our projected target for 2016.
- ✓ Exploration program focus on **appraisals** and **lower risk prospects** leading to reduced results volatility, Upstream has delivered positive EBIT for the last two quarters.
- ✓ **Refining** major **maintenance program** for 2016 **completed**, projecting real refining margins ~\$1 per barrel above indicator.