



# Q2 2015 RESULTS

*30 July, 2015*

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## **BASIS OF PREPARATION OF THE FINANCIAL INFORMATION**

Group activities are carried out in three operating segments:

- **Upstream**, corresponding to exploration and development of crude oil and natural gas reserves;
- **Downstream**, corresponding to (i) refining, trading and transportation of crude oil and oil products, as well as the commercialization of oil products, petrochemical products and LPG, (ii) the commercialization, transport and regasification of natural gas and liquefied natural gas (LNG), and (iii) renewable energy power projects;
- **Gas Natural Fenosa**, corresponding to its shareholding in Gas Natural SDG, S.A., whose main activities are the distribution and commercialization of natural gas, and the generation, distribution and commercialization of electricity.

Lastly, the **Corporate and others** includes activities not attributable to the aforementioned businesses, and specifically, corporate expenses and financial result, as well as intersegment adjustments of consolidation.

The results for each segment include those from joint ventures, or other managed companies operated as such, in accordance with the percentage of interest held by the Group, considering its operational and economic metrics in the same manner and with the same detail as for fully consolidated companies. Thus, the Group considers that the nature of its businesses and the way in which results are analyzed for decision-making purposes is adequately reflected.

In addition, the Group, considering its business reality and in order to make its disclosures more comparable with those in the sector, utilizes as a measure of segment profit the so-called Adjusted Net Income, corresponding to the recurring net operating profit of continuing operations at current cost of supply ("Current Cost of Supply" or CCS) after taxes.

The Adjusted Net Income is prepared by using the current cost of supply (CCS) inventory valuation method widely used in the industry, which differs from that accepted under prevailing European accounting standards ("Middle In First Out" or MIFO). The use of CCS methodology facilitates comparisons with other companies in the sector to users of financial information. Under CCS methodology, the purchase price of volumes of inventories sold during the period is based on current prices of purchases during the period. Consequently, Adjusted Net Income does not include the so-called "Inventory Effect", which is the difference between the net income using CCS and the net income using MIFO. The Inventory Effect is presented separately net of the tax effect and excluding non-controlling interests.

Adjusted Net Income excludes the so-called non-recurring income, that is, those originating from isolated events or transactions of an exceptional nature, or which are not ordinary or usual transactions of the Group. Non-Recurring Income is presented separately, net of the tax effect and excluding non-controlling interests.

All of the information presented in this Earnings Release has been prepared in accordance with the abovementioned criteria, with the exception of the information provided in the Appendix II headed “Consolidated Financial Statements” which has been prepared according to International Financial Reporting Standards (IFRS).

Appendix III provides a reconciliation of the segment reported metrics and those presented in the consolidated financial statements (IFRS).

In addition, the Group, for the first time, is consolidating the results of the recently acquired company Talisman Energy Inc. (“Talisman”), since the date of closing of the transaction, 8 May.

Talisman’s purchase Price has been provisionally allocated between identifiable Talisman’s assets and liabilities according to the estimation of their fair value.

Repsol will publish today interim condensed financial statements at 30 June, 2015 and they will be available at Repsol’s and CNMV’s (Comisión Nacional del Mercado de Valores) websites.

**KEY METRICS FOR THE PERIOD**
*[Unaudited figures]*

Results (€ Million)	Q2 2014	Q1 2015	Q2 2015	% Change Q2 15/Q2 14	January - June 2014	January - June 2015	% Change 2015/2014
Upstream	145	(190)	(48)	-	400	(238)	-
Downstream	162	534	439	171.0	452	973	115.3
Gas Natural Fenosa	159	122	105	(34.0)	282	227	(19.5)
Corporate and others	(76)	462	(184)	142.1	(212)	278	-
<b>ADJUSTED NET INCOME</b>	<b>390</b>	<b>928</b>	<b>312</b>	<b>(20.0)</b>	<b>922</b>	<b>1,240</b>	<b>34.5</b>
Inventory effect	5	(140)	83	-	(54)	(57)	5.6
Non-recurring income	156	(27)	(103)	-	191	(130)	-
Income from discontinued operations	(31)	-	-	-	268	-	-
<b>NET INCOME</b>	<b>520</b>	<b>761</b>	<b>292</b>	<b>(43.8)</b>	<b>1,327</b>	<b>1,053</b>	<b>(20.6)</b>

Economic data (€ Million)	Q2 2014	Q1 2015	Q2 2015	% Change Q2 15/Q2 14	January - June 2014	January - June 2015	% Change 2015/2014
EBITDA	1,025	962	1,421	38.6	2,202	2,383	8.2
EBITDA CCS	1,018	1,174	1,297	27.4	2,283	2,471	8.2
NET CAPITAL EXPENDITURE	836	932	9,069	-	1,451	10,001	-
NET DEBT	2,392	126	13,264	-	2,392	13,264	-
EBITDA / NET DEBT (x)	-	-	0.43	-	1.84	0.40	(78.3)

Operational data	Q2 2014	Q1 2015	Q2 2015	% Change Q2 15/Q2 14	January - June 2014	January - June 2015	% Change 2015/2014
LIQUIDS PRODUCTION (Thousand bbl/d)	122	132	203	67.0	126	168	33.1
GAS PRODUCTION (*) (Million scf/d)	1,216	1,249	1,811	48.8	1,201	1,531	27.5
<b>TOTAL PRODUCTION (Thousand boe/d)</b>	<b>338</b>	<b>355</b>	<b>525</b>	<b>55.4</b>	<b>340</b>	<b>440</b>	<b>29.6</b>
CRUDE OIL REALIZATION PRICE (\$/Bbl)	87.8	44.6	55.7	(36.6)	86.9	51.1	(41.2)
GAS REALIZATION PRICE (\$/Thousand scf)	4.0	2.8	3.2	(20.0)	4.1	3.1	(24.4)
DISTILLATION UTILIZATION Spanish Refining (%)	83.5	82.6	89.1	6.7	79.0	85.9	8.7
CONVERSION UTILIZATION Spanish Refining (%)	100.6	98.8	105.1	4.5	98.8	102.0	3.2
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	3.1	8.7	9.1	193.5	3.5	8.9	154.3

(\*) 1,000 Mcf/d = 28.32 Mm<sup>3</sup>/d = 0.178 Mboe/d

**KEY MILESTONES FOR THE SECOND QUARTER OF 2015**

- **Adjusted net income** in the second quarter was €312 million, 20% lower year-on-year. **Net income** amounted to €292 million, 44% lower compared to the same period of last year, mainly as a result of the capital gain on the non-expropriated YPF shares sold in the second quarter of 2014.
- **Adjusted net income** in the first half of the year was €1,240 million, 35% higher year-on-year. **Net income** amounted to €1,053 million, 21% lower compared to the same period of last year, mainly due to non-recurring items like the capital gain on the non-expropriated YPF shares sold in the second quarter of 2014, and the income from discontinued operations from the LNG businesses sold in the first half of 2014. Excluding non-recurring income and the income from discontinued operations, net result was 36% higher year-on-year.
- Quarterly results of the business units, which include the consolidation of the assets of Talisman since 8 May, were marked again by the low crude oil and gas prices' environment and are explained as follows:

- Adjusted net income in **Upstream** was €193 million lower than that in the same period of 2014, mainly due to the impact of lower realization prices, partially compensated with lower exploration expenses and higher production volumes mainly as a result the ramp-up of our Sapinhoá project in Brazil. The contribution of **Talisman's assets** to the operating income in the quarter has been positive in €6 million while in the adjusted net income amounted to €-13 million.
- In **Downstream**, adjusted net income was 171% higher year-on-year as a result of the improved refining margins and utilization, and enhanced performance in Chemicals and Trading, partially offset by the results of Gas & Power and LPG.
- The adjusted net income of **Gas Natural Fenosa** stood at €105 million, 34% lower year-on-year mainly due to the capital gain generated on the sale of the telecommunications business in the second quarter of last year.
- In **Corporate and others**, adjusted net income resulted in a net loss of €184 million, €108 million higher year-on-year, due to higher net interests (€-36 million pre-tax) mainly because of the payment of Talisman and the consolidation of its debt interest charges, together with the exchange rate positions (€-192 million pre-tax) mainly due to the positive results achieved the same quarter of last year. Talisman Corporation has been included in this caption.
- **Upstream** production reached an average of 525 Kboe/d in the second quarter of 2015, 55% higher year-on-year. The contribution of Talisman's assets since 8 May has been, in average, 182 Kboe/d in the quarter. Excluding Talisman's assets, production increased 1% thanks to the ramp-up of our Sapinhoá project in Brazil, partially offset by the maintenance works carried out in Trinidad and Tobago. Average production in June stood at 660 Kboe/d.
- During this second quarter of 2015, fourteen wells – nine exploratory and five appraisal - were concluded. Six wells registered positive results, out of which two were pure exploratory, one in Algeria and one in the US, and four were appraisal, in Bolivia, Russia and the US. Additionally, four wells remain under evaluation. As of today, seven wells are on-going, three exploratory and four appraisals.
- The Group's **net debt** at the end of the second quarter of 2015 stood at €13.3 billion, higher in €13.1 billion compared to the end of the first quarter of 2015 and €11.3 billion compared to the end of the year 2014, mainly due to the payment of the acquisition of Talisman and the consolidation of its debt. It is worth mentioning that this net debt implies a Net Debt to Capital Employed ratio of 29.8%.

**NET INCOME PERFORMANCE BY BUSINESS SEGMENT**
**UPSTREAM**
*(Unaudited figures)*

Results (€ Million)	Q2 2014	Q1 2015	Q2 2015	% Change Q2 15/Q2 14	January - June 2014	January - June 2015	% Change 2015/2014
<b>ADJUSTED NET INCOME</b>	<b>145</b>	<b>(190)</b>	<b>(48)</b>	-	<b>400</b>	<b>(238)</b>	-
Operating income	216	(136)	(46)	-	657	(182)	-
Income tax	(69)	(56)	0	-	(263)	(56)	(78.7)
Income from equity affiliates and non-controlling interests	(2)	2	(2)	-	6	-	-
<b>EBITDA</b>	<b>643</b>	<b>281</b>	<b>622</b>	<b>(3.3)</b>	<b>1,359</b>	<b>903</b>	<b>(33.6)</b>
NET CAPITAL EXPENDITURE	681	753	8,896	-	1,154	9,649	-
EXPLORATION COSTS	276	218	204	(26.1)	379	422	11.3
EFFECTIVE TAX RATE (%)	31	40	2	(29.0)	40	31	(9.0)
<b>International prices</b>	<b>Q2 2014</b>	<b>Q1 2015</b>	<b>Q2 2015</b>	<b>% Change Q2 15/Q2 14</b>	<b>January - June 2014</b>	<b>January - June 2015</b>	<b>% Change 2015/2014</b>
Brent (\$/Bbl)	109.7	53.9	61.9	(43.6)	108.9	57.8	(46.9)
WTI (\$/Bbl)	103.0	48.6	58.0	(43.7)	100.8	53.3	(47.1)
Henry Hub (\$/MBtu)	4.7	3.0	2.6	(44.7)	4.8	2.8	(41.7)
Average exchange rate (\$/€)	1.37	1.13	1.11	(19.0)	1.37	1.12	(18.2)
<b>Production</b>	<b>Q2 2014</b>	<b>Q1 2015</b>	<b>Q2 2015</b>	<b>% Change Q2 15/Q2 14</b>	<b>January - June 2014</b>	<b>January - June 2015</b>	<b>% Change 2015/2014</b>
LIQUIDS (Thousand bbl/d)	122	132	203	67.0	126	168	33.1
GAS (*) (Million scf/d)	1,216	1,249	1,811	48.8	1,201	1,531	27.5
<b>TOTAL (Thousand boe/d)</b>	<b>338</b>	<b>355</b>	<b>525</b>	<b>55.4</b>	<b>340</b>	<b>440</b>	<b>29.6</b>
<b>Realization prices</b>	<b>Q2 2014</b>	<b>Q1 2015</b>	<b>Q2 2015</b>	<b>% Change Q2 15/Q2 14</b>	<b>January - June 2014</b>	<b>January - June 2015</b>	<b>% Change 2015/2014</b>
CRUDE OIL (\$/Bbl)	87.8	44.6	55.7	(36.6)	86.9	51.1	(41.2)
GAS (\$/Thousand scf)	4.0	2.8	3.2	(20.0)	4.1	3.1	(24.4)

(\*) 1,000 Mcf/d = 28.32 Mm<sup>3</sup>/d = 0.178 Mboe/d

**Adjusted net income** in the second quarter of 2015 was €-48 million, a €193 million decrease compared to the same period of 2014, mainly as a consequence of the drop in crude oil and gas realization prices partially compensated by the growth in production and the decrease in exploration costs. The impact of Talisman's assets since 8 May, in the second quarter of 2015, was €6 million and €-13 million in the operating income and in the adjusted net income, respectively. Excluding the impact of exploration costs, operating income of the Upstream division would have been positive.

The factors which explain the year-on-year performance in the Upstream division, excluding the effect of the consolidation of Talisman since 8 May, are the following:

- **Higher production** contributed to an increase in the operating income of €37 million thanks to the ramp-up of our Sapinhoá project in Brazil, partially offset by the maintenance works carried out in Trinidad and Tobago.
- Lower **crude oil and gas realization prices**, net of royalties, had a negative impact on the operating income of €359 million.

- **Exploration costs** impacted the operating income positively by €128 million, mainly as a result of lower amortization of dry wells.
- Higher **depreciation and amortization** charges as a consequence of the increase in production, mainly in Brazil, reduced the operating income by €37 million.
- **Income tax expense** has impacted the operating income positively by €89 million, due to the lower results.
- **Income of equity affiliates and non-controlling interests, exchange rate effect and others** explain the remaining differences.
- Operating income of **Talisman's assets** has been positive in €6 million. Positive results in South East Asia, Canada, Algeria and Colombia were partially offset by exploration costs and the negative results in Norway and in the non-conventional business in North America. However, the contribution to the adjusted net income has been €-13 million, due to the mix of results with different effective tax rates, tax gains from negative results could not compensate tax payments from positive results.

#### **January – June 2015 results**

The **adjusted net income** for the first half of 2015 amounted to €-238 million, mainly as a consequence of the drop in crude oil and gas realization prices and no contribution from Libya in 2015, partially compensated by the growth in production and the decrease in exploration costs denominated in dollars. Excluding the impact of exploration costs, operating income of the Upstream division would have been positive.

**Average production** in the first half of 2015 (440 Kboe/d) was 30% higher than the same period in 2014 (340 Kboe/d), essentially as a result of the consolidation of the Talisman's assets since 8 May 2015. The contribution of these assets to the average production in the first half of 2015 has been 92 Kboe/d. Excluding Talisman, production increased 2% thanks to the start-up and ramp-up of the strategic projects in Brazil, the US, Peru and Bolivia that could compensate the absence of production in Libya due to security issues and lower activity in Trinidad and Tobago as a result of maintenance activity. Excluding the effect of Libya, production grew by 5%.

#### **Net capital expenditure**

**Net capital expenditure** in Upstream in the second quarter of 2015 amounted to €8,896 million due to the acquisition of Talisman. Excluding this impact, net capital expenditure amounted to €891 million, 31% increase year-on-year due to the appreciation of the dollar against the euro.

**Development** capital expenditure accounted for 66% of the total investment and was concentrated mainly in the US (26%), Venezuela (19%), Trinidad and Tobago (15%), UK (8%), Canada (8%), Brazil (7%)



and Bolivia (5%). **Exploration** capital expenditure represented 31% of the total and was allocated primarily in the US (40%), Angola (34%), Brazil (6%), and Malaysia (5%).

Development capital expenditure in **Talisman** represented 31% of the total development capital expenditure and 6% of the total exploration capital expenditure.

**Net capital expenditure** in Upstream in the first half of 2015 totaled €9,649 million mainly due to the acquisition of Talisman. Excluding this impact, net capital expenditure amounted to €1,644 million, 42% increase year-on-year mainly due to the appreciation of the dollar against the euro and the divestments, which reached €121 million in the first half of 2014 and were €10 million in the same period of 2015. This increase in capital expenditure, excluding divestments and denominated in dollars, amounts only to 6%. However, excluding Talisman, total capital expenditure denominated in dollars decreases 7%.

**Development** capital expenditure accounted for 63% of the total investment and was concentrated mainly in Venezuela (27%), the US (24%), Trinidad and Tobago (15%), Brazil (10%), UK (5%), Bolivia (4%) and Canada (4%). **Exploration** capital expenditure represented 35% of the total and was earmarked primarily for the US (33%), Angola (28%), Europe (15%), Russia (4%) and Brazil (4%).

Development capital expenditure in **Talisman** represented 18% of the total development capital expenditure and 3% of the total exploration capital expenditure in the first half of the year.

**DOWNSTREAM**
*(Unaudited figures)*

Results (€ Million)	Q2 2014	Q1 2015	Q2 2015	% Change Q2 15/Q2 14	January - June 2014	January - June 2015	% Change 2015/2014
<b>ADJUSTED NET INCOME</b>	<b>162</b>	<b>534</b>	<b>439</b>	<b>171.0</b>	<b>452</b>	<b>973</b>	<b>115.3</b>
Operating income	205	751	622	203.4	631	1,373	117.6
Income tax	(40)	(202)	(170)	-	(173)	(372)	115.0
Income from equity affiliates and non-controlling interests	(3)	(15)	(13)	-	(6)	(28)	-
<b>MIFO RECURRENT NET INCOME</b>	<b>167</b>	<b>394</b>	<b>522</b>	<b>212.6</b>	<b>398</b>	<b>916</b>	<b>130.2</b>
Inventory effect	5	(140)	83	-	(54)	(57)	5.6
EBITDA	442	724	931	110.6	948	1,655	74.6
EBITDA CCS	435	936	807	85.5	1,029	1,743	69.4
NET CAPITAL EXPENDITURE	134	134	149	11.2	267	283	6.0
EFFECTIVE TAX RATE (%)	20	27	27	7.0	27	27	-
<b>International prices (\$/Mbtu)</b>	<b>Q2 2014</b>	<b>Q1 2015</b>	<b>Q2 2015</b>	<b>% Change Q2 15/Q2 14</b>	<b>January - June 2014</b>	<b>January - June 2015</b>	<b>% Change 2015/2014</b>
Henry Hub	4.7	3.0	2.6	(44.7)	4.8	2.8	(41.7)
Algonquin	4.2	11.5	2.2	(47.6)	12.3	6.9	(43.9)
<b>Operational data</b>	<b>Q2 2014</b>	<b>Q1 2015</b>	<b>Q2 2015</b>	<b>% Change Q2 15/Q2 14</b>	<b>January - June 2014</b>	<b>January - June 2015</b>	<b>% Change 2015/2014</b>
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	3.1	8.7	9.1	193.5	3.5	8.9	154.3
DISTILLATION UTILIZATION Spanish Refining (%)	83.5	82.6	89.1	6.7	79.0	85.9	8.7
CONVERSION UTILIZATION Spanish Refining (%)	100.6	98.8	105.1	4.5	98.8	102.0	3.2
OIL PRODUCT SALES (Thousand tons)	11,298	10,731	11,990	6.1	21,143	22,721	7.5
PETROCHEMICAL PRODUCT SALES (Thousand tons)	680	741	683	0.4	1,334	1,424	6.8
LPG SALES (Thousand tons)	549	704	526	(4.2)	1,219	1,230	0.9
NORTH AMERICA NATURAL GAS SALES (TBtu)	59.8	106.9	57.3	(4.2)	149.6	164.2	9.8

**Adjusted net income** in the second quarter of 2015 amounted to €439 million, significantly higher compared to the second quarter of 2014 in which the net income was €162 million. **Adjusted net income** in the first half of 2015 amounted to €973 million, 115% higher compared to the first half of 2014.

The main factors which explain the quarterly earnings performance year-on-year are:

- In **Refining**, higher utilization rates and improved refining margins, due to stronger product spreads and lower energy costs, partially offset by the narrower light-heavy crudes' spread, produced a positive impact on the operating income of €275 million.
- In **Chemicals**, the increased efficiency as a result of operational improvements in our sites, higher sales volumes and improved margins, influenced by a better international environment, generated a positive effect on the operating income of €133 million.
- In the commercial businesses, **Marketing and LPG**, operating income was €55 million lower year-on-year, mainly due to the regularization of prices of €64 million that took place during the second quarter of 2014 in the LPG business. Notably, in the second quarter of 2015, sales of gasoline and diesel in service stations and wholesales sales grew by 1% and 16% year-on-year, respectively.
- In **Gas & Power and Trading**, the operating income was €24 million higher year-on-year due to a better result in Trading business partially offset by the lower results in Gas & Power due to lower reference prices, lower volumes and higher transportation costs than in the same period of 2014.

- Higher **income tax** expenses, driven mainly by the improved results, had a negative impact of €128 million.
- **Results in other activities, in equity affiliates and non-controlling interests** and **the exchange rate effect**, explain the remaining difference.

#### **January – June 2015 results**

**Adjusted net income** for the first half of 2015 was €973 million, 115% higher year-on-year. The improvement in results is mainly driven by better refining and petrochemical margins and enhanced performance in Trading business, partially offset by lower results in Gas & Power.

#### **Net capital expenditure**

**Net capital expenditure** in the Downstream segment in the second quarter of 2015 amounted to €149 million. **Net capital expenditure** in the first half of the year stood at €283 million.

**GAS NATURAL FENOSA**
*(Unaudited figures)*

Results (€ Million)	Q2 2014	Q1 2015	Q2 2015	% Change Q2 15/Q2 14	January - June 2014	January - June 2015	% Change 2015/2014
ADJUSTED NET INCOME	159	122	105	(34.0)	282	227	(19.5)

**Adjusted net income** in the second quarter of 2015 amounted to €105 million, 34% lower than in the same quarter of 2014, largely due to the capital gain generated from the sale of the telecommunication business in the second quarter of 2014. During the second quarter of 2015, contribution to results of CGE-Chile and better results in Latin America compensated the lower results of gas commercialization and power business in Spain.

**January – June 2015 results**

**Adjusted net income** for the first half of 2015 was €227 million, 20% lower year-on-year, as a consequence of the aforementioned impacts in the explanation of the quarterly results.

**CORPORATE AND OTHERS**
*[Unaudited figures]*

Results (€ Million)	Q2 2014	Q1 2015	Q2 2015	% Change Q2 15/Q2 14	January - June 2014	January - June 2015	% Change 2015/2014
<b>ADJUSTED NET INCOME</b>	<b>(76)</b>	<b>462</b>	<b>(184)</b>	<b>142.1</b>	<b>(212)</b>	<b>278</b>	-
Corporate and others operating income	(60)	(28)	(54)	(10.0)	(130)	(82)	(36.9)
Financial result	(46)	655	(199)	-	(176)	456	-
Income tax	30	(165)	69	130.0	94	(96)	-
<b>EBITDA</b>	<b>(60)</b>	<b>(43)</b>	<b>(132)</b>	<b>120.0</b>	<b>(105)</b>	<b>(175)</b>	<b>66.7</b>
<b>NET CAPITAL EXPENDITURE</b>	<b>21</b>	<b>45</b>	<b>24</b>	<b>14.3</b>	<b>30</b>	<b>69</b>	<b>130.0</b>
<b>EFFECTIVE TAX RATE (%)</b>	<b>(28)</b>	<b>26</b>	<b>(27)</b>	<b>1.0</b>	<b>(31)</b>	<b>26</b>	<b>57.0</b>

**CORPORATE AND OTHERS**

**Corporate and others** accounted for a net expense of €54 million in the second quarter of 2015, compared to a net expense of €60 million in the same quarter of last year. In the first half of 2015, **Corporate and others** accounted for a net expense of €82 million which compares to a net expense of €130 million in the same period of last year. Talisman Corporation has been included in this caption in both, second quarter and first half of 2015.

**FINANCIAL RESULTS**
*[Unaudited figures]*

Results (€ Million)	Q2 2014	Q1 2015	Q2 2015	% Change Q2 15/Q2 14	January - June 2014	January - June 2015	% Change 2015/2014
NET INTERESTS	(78)	(68)	(113)	44.9	(177)	(181)	2.3
OTHER CAPTIONS	32	723	(86)	-	1	637	-
<b>TOTAL</b>	<b>(46)</b>	<b>655</b>	<b>(199)</b>	<b>-</b>	<b>(176)</b>	<b>456</b>	<b>-</b>

**Net financial result** in the second quarter of 2015 has been €199 million of net expense, as compared to a net expense of €46 million in the same period of last year, mainly due to the effect of the exchange rate positions of €-192 million primarily because of the positive results achieved the same quarter of last year. Together with this impact there has been higher net interests of €-36 million, mainly as a consequence of the payment of Talisman and the consolidation of its interest charges since 8 May, 2015. These effects were partially compensated by the effect of the amortization of the bond offered in the cancellation of the preferred shares in the second quarter of last year of €71 million.

**Net financial result** in the first half of 2015 has been positive in €456 million, €632 million higher than in the same period of last year, mainly due to the positive effect of the exchange rate positions.

**NET INCOME ANALYSIS: NON-RECURRING ITEMS AND DISCONTINUED OPERATIONS**
**NON-RECURRING INCOME**
*(Unaudited figures)*

Results (€ Million)	Q2 2014	Q1 2015	Q2 2015	% Change Q2 15/Q2 14	January - June 2014	January - June 2015	% Change 2015/2014
NON-RECURRING INCOME / (LOSSES)	156	(27)	(103)	-	191	(130)	-

**Non-recurring items** in the second quarter of 2015 resulted in a net loss of €103 million, mainly due to the impairment booked in the unconventional assets in the Mississippian Lime, €63 million. This quarter results compare to a net gain of €156 million in the same period of last year, mainly due to the result of the capital gain on the non-expropriated YPF shares sold but partially offset by the impairment booked in the unconventional assets in the Mississippian Lime in that quarter.

**Non-recurring items** in the first half of 2015 resulted in a net loss of €130 million, compared to a net gain of €191 million in the same period of last year, mainly as a result of the aforementioned impacts in the explanation of the quarterly results, the sale of TGP and the cancellation of Naturgas contract occurred in the first quarter of 2014.

**DISCONTINUED OPERATIONS**
*(Unaudited figures)*

Results (€ Million)	Q2 2014	Q1 2015	Q2 2015	% Change Q2 15/Q2 14	January - June 2014	January - June 2015	% Change 2015/2014
INCOME FROM DISCONTINUED OPERATIONS	(31)	-	-	-	268	-	-

**Net income from discontinued operations** in the first half of 2014 includes mainly the net contribution of the LNG businesses sold in 2014.

**NET DEBT EVOLUTION**

This section presents the changes in the Group's adjusted net debt:

*(Unaudited figures)*

<b>NET DEBT EVOLUTION (€ Million)</b>	<b>Q2 2015</b>	<b>January - June 2015</b>
<b>NET DEBT AT THE START OF THE PERIOD</b>	<b>126</b>	<b>1,935</b>
EBITDA	(1,421)	(2,383)
CHANGE IN WORKING CAPITAL	627	564
INCOME TAX RECEIVED / PAID	333	222
NET CAPITAL EXPENDITURE <sup>(1)</sup>	9,173	10,106
DIVIDENDS PAID AND OTHER PAYOUTS	0	245
OWN SHARES TRANSACTIONS	56	(29)
FOREIGN EXCHANGE RATE EFFECT	(7)	(928)
COMPANIES' ACQUISITION / SALE EFFECT <sup>(2)</sup>	3,994	3,994
INTEREST AND OTHER MOVEMENTS <sup>(3)</sup>	383	533
EQUITY INSTRUMENTS <sup>(4)</sup>	0	(995)
<b>NET DEBT AT THE END OF THE PERIOD</b>	<b>13,264</b>	<b>13,264</b>
		<b>2015</b>
CAPITAL EMPLOYED CONTINUED OPERATIONS (€ Million)		44,522
NET DEBT / CAPITAL EMPLOYED (%)		29.8
EBITDA / NET DEBT (x)		0.4

**(1)** As of June 30, 2015, there were financial investments amounting to €11 million. This caption contains €8,005 million of the cost of the acquisition of Talisman (including effects from hedging derivatives)

**(2)** This caption corresponds to the consolidation of Talisman's net debt at the closing date, 8 May, 2015.

**(3)** Mainly includes interest expense on borrowings, dividends received, and provisions used.

**(4)** Includes the issuance of the perpetual subordinated bond (EURO 6-Year NC) accounted for as equity.

The Group's **net debt** at the end of the second quarter of 2015 stood at €13,264 million, higher in €13,138 million compared to the end of the first quarter of 2015 and €11,329 million compared to the end of the year 2014, mainly due to the payment of the acquisition of Talisman and the consolidation of its debt. Besides these effects, cash generation in the second quarter was impacted by the increase in working capital that should be reverted in next quarters.

## RELEVANT EVENTS

The most significant company-related events since the first quarter 2015 earnings release were as follows:

In **Upstream**, on 8 May 2015, Repsol announced the completion of the acquisition of Talisman Energy Inc. ("Talisman"). Under the terms of the previously announced Plan of Arrangement, Repsol acquired, through its indirect wholly-owned Canadian subsidiary Repsol Energy Resources Canada Inc., the ownership of all of the issued and outstanding common shares and preferred shares of Talisman (1,036,166,028 common shares and 8,000,000 preferred shares) for an aggregate cash consideration of US\$ 8,289,328,224 and Cdn.\$ 200,874,400, equivalent to US\$ 8.00 per common share and Cdn. \$ 25.1093 (representing Cdn.\$ 25.00 plus accrued and unpaid dividends) per preferred share.

As Repsol completed the acquisition of Talisman Energy, a new organizational structure was implemented to include the integrated assets and manage the resulting transformation of Repsol into one of the world's largest publicly-listed oil and gas companies. This new organization, which is the foundation for Repsol's transformation into a group with a relevant presence on every continent, reinforces the business units' capabilities to increase efficiency and create value under the leadership of Chief Executive Officer Josu Jon Imaz, who holds all the executive functions within the company.

Three top-level committees are created under the chairmanship of the CEO: The Corporate Executive Committee, The Exploration and Production (E&P) Executive Committee and the Downstream Executive Committee (Refining, Marketing, LPG, Trading and Gas & Power.) These committees will have full responsibility over their businesses.

The new organizational structure's aims include:

- Aligning the organization with Repsol's new asset portfolio. This is based on a one-company model that takes into account the different characteristics of the E&P and Downstream businesses.
- Serving Repsol's enlarged global footprint. The integration of Talisman increases Repsol's geographical presence, creating the need to align the structure and operation of the corporate functions.
- Embodying Repsol's vision of a company focused on long-term business sustainability, technological progress and social welfare.

In April, in the winter campaign of exploration and appraisal in the North Slope of Alaska (the US), two appraisal wells (Q-8 and Q-301) and one exploratory well (Q-9) ended positive. The success of this year's exploratory campaign adds to that achieved in previous years, which reaffirms the high potential of this area. Repsol is the operator company with a 70%.

On 6 July 2015, Repsol announced the connection of the first producing well at the giant Perla field, the largest gas discovery in the company's history and one of the largest offshore gas field in Latin America. Perla is located in the Cardon IV block, in shallow waters in the Gulf of Venezuela, 50 kilometers offshore. The company expects to start producing 150 million cubic feet (Mcf) of gas a day in a first stage. In the following development phases is estimated to achieve a production of up to 450 million cubic feet per day by year end.



On 23 June 2015, YPFB Andina, in which Repsol participates with a 48.3%, announced an important discovery of crude oil in the Department of Santa Cruz in Bolivia with Boquerón (BQN-4) appraisal well.

In **Corporation**, on 1 June 2015, the company announced the start of the Fifth Cycle of the Delivery Shares Plan addressed to the beneficiaries of multiannual remuneration programs.

On 15 June 2015, Repsol disclosed information in connection with the paid-up capital increase approved by the Annual Shareholders' Meeting 2015 under item five on the Agenda, as part of the shareholder remuneration program "Repsol Flexible Dividend" (scrip dividend).

On 25 June 2015, Repsol's Board of Directors resolved to amend its Regulations, at its meeting, in order to adapt its content to the current Companies Act and to the recommendations of the new Code of Good Governance for Listed Companies, taking into consideration, at the same time, the circumstances and specific needs of the Company.

The approved amendments include, as recommended by the Code of Good Governance, the split of the Nomination and Remuneration Committee in two separate Committees, one with authorities regarding appointments and the other regarding remuneration.

Additionally, the Board agreed to replace the current Strategy, Investments and Corporate Social Responsibility Committee with a Sustainability Committee. This Committee undertakes authorities, among others, on safety and environment, approval and monitoring of the sustainability policy, communication with Stakeholders, as well as on the supervision of the management risk control systems of non-financial matters and reporting of non-financial information.

On 6 July 2015, following the official notices sent to the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores - CNMV) on April 30 and June 15, 2015, Repsol, S.A. ("Repsol") reported the end, on July 3, 2015, of the trading period of the free-of-charge allocation rights corresponding to the paid up capital increase implementing the "Repsol Flexible Dividend" shareholders' remuneration program.

Holders of 63.5% of free-of-charge allocation rights (a total of 872,672,628 rights) opted to receive new shares of Repsol. Therefore, the final number of shares of one (1) euro, par value, issued in the capital increase is 25,666,842, where the nominal amount of the increase is 25,666,842 euro, representing an increase of approximately 1.87% of the share capital of Repsol before the capital increase.

Moreover, during the period established for that purpose, holders of 36.5% of free-of-charge allocation rights accepted the irrevocable commitment to purchase rights taken by Repsol. Consequently, Repsol acquired 502,021,533 rights for a total amount of 242,978,421.972 euro. Repsol waived the shares corresponding to the free-of-charge allocation rights acquired by virtue of the mentioned commitment.

On 9 July 2015, Repsol's "Trading Statement" was published; it provides provisional information for the second quarter of 2015, including data on the economic environment as well as company performance during the period.

**Madrid, 30 July, 2015**

A conference call has been scheduled for research analysts and institutional investors for today, 30 July, 2015 at 13.00 (CET) to report on the Repsol Group's second quarter 2015 results. Shareholders and anyone else interested can follow the call live through Repsol's corporate website ([www.repsol.com](http://www.repsol.com)). A full recording of the event will also be available to shareholders and investors and any other interested party at [www.repsol.com](http://www.repsol.com) for a period of no less than one month from the date of the live broadcast.

**APPENDIX I – FINANCIAL METRICS AND  
OPERATING INDICATORS BY SEGMENT**

**SECOND QUARTER 2015**

**ADJUSTED NET INCOME BY BUSINESS SEGMENTS**
*[Unaudited figures]*

€ Million	Q2 2014							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	216	-	(69)	(2)	145	-	(146)	(1)
Downstream	205	-	(40)	(3)	162	5	47	214
Gas Natural Fenosa	-	-	-	159	159	-	-	159
Corporation & Others	(60)	(46)	30	-	(76)	-	255	179
<b>TOTAL</b>	<b>361</b>	<b>(46)</b>	<b>(79)</b>	<b>154</b>	<b>390</b>	<b>5</b>	<b>156</b>	<b>551</b>
Income from discontinued operations							(31)	(31)
<b>NET INCOME</b>							<b>125</b>	<b>520</b>

€ Million	Q1 2015							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	(136)	-	(56)	2	(190)	-	(28)	(218)
Downstream	751	-	(202)	(15)	534	(140)	(5)	389
Gas Natural Fenosa	-	-	-	122	122	-	-	122
Corporation & Others	(28)	655	(165)	-	462	-	6	468
<b>TOTAL</b>	<b>587</b>	<b>655</b>	<b>(423)</b>	<b>109</b>	<b>928</b>	<b>(140)</b>	<b>(27)</b>	<b>761</b>
Income from discontinued operations							-	-
<b>NET INCOME</b>							<b>(27)</b>	<b>761</b>

€ Million	Q2 2015							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	(46)	-	-	(2)	(48)	-	(77)	(125)
Downstream	622	-	(170)	(13)	439	83	34	556
Gas Natural Fenosa	-	-	-	105	105	-	-	105
Corporation & Others	(54)	(199)	69	-	(184)	-	(60)	(244)
<b>TOTAL</b>	<b>522</b>	<b>(199)</b>	<b>(101)</b>	<b>90</b>	<b>312</b>	<b>83</b>	<b>(103)</b>	<b>292</b>
Income from discontinued operations							-	-
<b>NET INCOME</b>							<b>(103)</b>	<b>292</b>

JANUARY-JUNE 2014								
€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Downstream	631	-	(173)	(6)	452	(54)	46	444
Gas Natural Fenosa	-	-	-	282	282	-	(2)	280
Corporation & Others	(130)	(176)	94	-	(212)	-	263	51
<b>TOTAL</b>	<b>1,158</b>	<b>(176)</b>	<b>(342)</b>	<b>282</b>	<b>922</b>	<b>(54)</b>	<b>191</b>	<b>1,059</b>
Income from discontinued operations							268	268
<b>NET INCOME</b>							<b>459</b>	<b>1,327</b>

JANUARY-JUNE 2015								
€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Downstream	1,373	-	(372)	(28)	973	(57)	29	945
Gas Natural Fenosa	-	-	-	227	227	-	-	227
Corporation & Others	(82)	456	(96)	-	278	-	(54)	224
<b>TOTAL</b>	<b>1,109</b>	<b>456</b>	<b>(524)</b>	<b>199</b>	<b>1,240</b>	<b>(57)</b>	<b>(130)</b>	<b>1,053</b>
Income from discontinued operations							-	-
<b>NET INCOME</b>							<b>(130)</b>	<b>1,053</b>

**OPERATING RESULT BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS**
*[Unaudited figures]*

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 14	Q1 15	Q2 15	2014	2015
<b>UPSTREAM</b>	<b>216</b>	<b>(136)</b>	<b>(46)</b>	<b>657</b>	<b>(182)</b>
Europe, Africa & Brazil	69	-	(14)	262	(14)
South America	280	87	118	565	205
North America	109	(21)	(9)	175	(30)
Asia & Russia	8	4	51	17	55
Exploration & Others	(250)	(206)	(192)	(362)	(398)
<b>DOWNSTREAM</b>	<b>205</b>	<b>751</b>	<b>622</b>	<b>631</b>	<b>1,373</b>
Europe	219	678	641	397	1,319
Rest of the World	(14)	73	(19)	234	54
<b>CORPORATE AND OTHERS</b>	<b>(60)</b>	<b>(28)</b>	<b>(54)</b>	<b>(130)</b>	<b>(82)</b>
<b>TOTAL</b>	<b>361</b>	<b>587</b>	<b>522</b>	<b>1,158</b>	<b>1,109</b>

**ADJUSTED NET INCOME BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS**
*[Unaudited figures]*

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 14	Q1 15	Q2 15	2014	2015
<b>UPSTREAM</b>	<b>145</b>	<b>(190)</b>	<b>(48)</b>	<b>400</b>	<b>(238)</b>
Europe, Africa & Brazil	58	(69)	14	151	(55)
South America	177	27	60	365	87
North America	69	(13)	(6)	111	(19)
Asia & Russia	7	4	25	14	29
Exploration & Others	(166)	(139)	(141)	(241)	(280)
<b>DOWNSTREAM</b>	<b>162</b>	<b>534</b>	<b>439</b>	<b>452</b>	<b>973</b>
Europe	165	490	461	299	951
Rest of the World	(3)	44	(22)	153	22
<b>GAS NATURAL FENOSA</b>	<b>159</b>	<b>122</b>	<b>105</b>	<b>282</b>	<b>227</b>
<b>CORPORATE AND OTHERS</b>	<b>(76)</b>	<b>462</b>	<b>(184)</b>	<b>(212)</b>	<b>278</b>
<b>TOTAL</b>	<b>390</b>	<b>928</b>	<b>312</b>	<b>922</b>	<b>1,240</b>

**EBITDA BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS**
*[Unaudited figures]*

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 14	Q1 15	Q2 15	2014	2015
<b>UPSTREAM (1)</b>	<b>643</b>	<b>281</b>	<b>622</b>	<b>1,359</b>	<b>903</b>
Europe, Africa & Brazil	103	59	107	335	166
South America	378	174	274	750	448
North America	193	98	190	364	288
Asia & Russia	18	13	121	39	134
Exploration & Others	(49)	(63)	(70)	(129)	(133)
<b>DOWNSTREAM (2)</b>	<b>442</b>	<b>724</b>	<b>931</b>	<b>948</b>	<b>1,655</b>
Europe	436	653	914	678	1,567
Rest of the World	6	71	17	270	88
<b>CORPORATE AND OTHERS</b>	<b>(60)</b>	<b>(43)</b>	<b>(132)</b>	<b>(105)</b>	<b>(175)</b>
<b>TOTAL (2)</b>	<b>1,025</b>	<b>962</b>	<b>1,421</b>	<b>2,202</b>	<b>2,383</b>
(1) Contribution of Talisman's assets was €233 million in Q2 2015					
<b>(2) EBITDA CCS M€</b>					
<b>DOWNSTREAM</b>	<b>435</b>	<b>936</b>	<b>807</b>	<b>1,029</b>	<b>1,743</b>
<b>TOTAL</b>	<b>1,018</b>	<b>1,174</b>	<b>1,297</b>	<b>2,283</b>	<b>2,471</b>



**NET CAPITAL EXPENDITURES BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS**
*[Unaudited figures]*

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 14	Q1 15	Q2 15	2014	2015
<b>UPSTREAM</b>	<b>681</b>	<b>753</b>	<b>8,896</b>	<b>1,154</b>	<b>9,649</b>
Europe, Africa & Brazil	95	76	117	167	193
South America	203	283	267	254	550
North America	152	104	149	273	253
Asia & Russia	6	3	33	15	36
Exploration and Others (*)	225	287	8,330	445	8,617
<b>DOWNSTREAM</b>	<b>134</b>	<b>134</b>	<b>149</b>	<b>267</b>	<b>283</b>
Europe	102	111	94	214	205
Rest of the World	32	23	55	53	78
<b>CORPORATE AND OTHERS</b>	<b>21</b>	<b>45</b>	<b>24</b>	<b>30</b>	<b>69</b>
<b>TOTAL</b>	<b>836</b>	<b>932</b>	<b>9,069</b>	<b>1,451</b>	<b>10,001</b>

(\*) Includes €8,005 million of the cost of the acquisition of Talisman in Q2 2015

**CAPITAL EMPLOYED BY BUSINESS SEGMENTS**
*(Unaudited figures)*

€ Million	CUMULATIVE DATA	
	Q4 14	Q2 15
Upstream	11,167	25,315
Downstream	11,492	11,830
Gas Natural Fenosa	4,567	4,690
Corporate and others	2,863	2,687
<b>TOTAL</b>	<b>30,089</b>	<b>44,522</b>
		2015
<b>ROACE (%)</b>		<b>4.1</b>
<b>ROACE at CCS (%)</b>		<b>4.3</b>

**OPERATING INDICATORS**

**SECOND QUARTER 2015**

**UPSTREAM OPERATING INDICATORS**

	Unit	Q1 2014	Q2 2014	January - June 2014	Q1 2015	Q2 2015	January - June 2015	% Change 2015/2014
<b>HYDROCARBON PRODUCTION</b>	<b>K Boe/d</b>	<b>341.8</b>	<b>338.1</b>	<b>340.0</b>	<b>354.6</b>	<b>525.4</b>	<b>440.5</b>	<b>29.6</b>
<b>Liquids production</b>	<b>K Boe/d</b>	<b>130.7</b>	<b>121.5</b>	<b>126.1</b>	<b>132.2</b>	<b>202.9</b>	<b>167.8</b>	<b>33.1</b>
Europe, Africa & Brazil	K Boe/d	36.9	25.2	31.0	33.0	61.2	47.1	52.1
South America	K Boe/d	56.1	57.4	56.8	61.0	66.4	63.7	12.3
North America	K Boe/d	26.9	28.0	27.5	27.4	48.6	38.0	38.5
Asia & Russia	K Boe/d	10.8	10.9	10.8	10.8	26.8	18.8	-
<b>Natural gas production</b>	<b>K Boe/d</b>	<b>211.1</b>	<b>216.6</b>	<b>213.9</b>	<b>222.4</b>	<b>322.4</b>	<b>272.7</b>	<b>27.5</b>
Europe, Africa & Brazil	K Boe/d	6.5	6.7	6.6	9.9	12.1	11.0	66.5
South America	K Boe/d	192.6	197.4	195.0	196.3	186.3	191.3	-1.9
North America	K Boe/d	5.3	6.1	5.7	8.8	79.6	44.4	678.7
Asia & Russia	K Boe/d	6.7	6.4	6.5	7.4	44.5	26.1	-
<b>Natural gas production</b>	<b>(Million scf/d)</b>	<b>1,185.3</b>	<b>1,216.4</b>	<b>1,200.9</b>	<b>1,248.6</b>	<b>1,810.5</b>	<b>1,531.1</b>	<b>27.5</b>

**DOWNSTREAM OPERATING INDICATORS**

	Unit	Q1 2014	Q2 2014	Jan - Jun 2014	Q1 2015	Q2 2015	Jan - Jun 2015	% Variation 2015/2014
<b>PROCESSED CRUDE OIL</b>	<b>Mtoe</b>	<b>9.1</b>	<b>10.1</b>	<b>19.2</b>	<b>9.9</b>	<b>10.9</b>	<b>20.8</b>	<b>8.5</b>
Europe	Mtoe	8.2	9.3	17.6	9.1	9.9	19.0	8.4
Rest of the world	Mtoe	0.8	0.8	1.7	0.8	1.0	1.8	7.0
<b>SALES OF OIL PRODUCTS</b>	<b>Kt</b>	<b>9,845</b>	<b>11,298</b>	<b>21,143</b>	<b>10,731</b>	<b>11,990</b>	<b>22,721</b>	<b>7.5</b>
Europe Sales	Kt	8,803	10,243	19,046	9,667	10,821	20,488	7.6
Own network	Kt	4,574	4,772	9,346	5,079	5,235	10,314	10.4
Light products	Kt	3,985	4,062	8,047	4,176	4,280	8,456	5.1
Other Products	Kt	589	710	1,299	903	955	1,858	43.0
Other Sales to Domestic Market	Kt	1,706	1,924	3,630	1,924	1,874	3,798	4.6
Light products	Kt	1,629	1,878	3,507	1,852	1,814	3,666	4.5
Other Products	Kt	77	46	123	72	60	132	7.3
Exports	Kt	2,523	3,547	6,070	2,664	3,712	6,376	5.0
Light products	Kt	632	1,286	1,918	1,219	1,512	2,731	42.4
Other Products	Kt	1,891	2,261	4,152	1,445	2,200	3,645	(12.2)
Rest of the world sales	Kt	1,042	1,055	2,097	1,064	1,169	2,233	6.5
Own network	Kt	490	542	1,032	469	535	1,004	(2.7)
Light products	Kt	450	489	939	446	477	923	(1.7)
Other Products	Kt	40	53	93	23	58	81	(12.9)
Other Sales to Domestic Market	Kt	333	319	652	276	305	581	(10.9)
Light products	Kt	274	274	548	241	265	506	(7.7)
Other Products	Kt	59	45	104	35	40	75	(27.9)
Exports	Kt	219	194	413	319	329	648	56.9
Light products	Kt	80	124	204	165	108	273	33.8
Other Products	Kt	139	70	209	154	221	375	79.4
<b>CHEMICALS</b>								
Sales of petrochemical products	Kt	653	680	1,334	741	683	1,424	6.8
Europe	Kt	558	547	1,105	615	599	1,214	9.9
Base	Kt	205	188	392	196	219	415	5.8
Derivative	Kt	353	360	713	419	381	799	12.2
Rest of the world	Kt	96	133	229	125	84	210	(8.3)
Base	Kt	12	39	51	34	23	57	11.9
Derivative	Kt	84	94	178	92	61	153	(14.1)
<b>LPG</b>								
LPG sales	Kt	670	549	1,219	704	526	1,230	0.9
Europe	Kt	420	301	721	453	273	726	0.6
Rest of the world	Kt	250	248	498	251	254	504	1.3

Other sales to the domestic market: includes sales to operators and bunker

Exports: expressed from the country of origin

**APPENDIX II – CONSOLIDATED FINANCIAL  
STATEMENTS**

**SECOND QUARTER 2015**

**STATEMENT OF FINANCIAL POSITION**

[€ millions]  
[Unaudited figures]  
Prepared according to International Financial Reporting Standards (IFRS)

	DECEMBER	JUNE
	2014	2015
<b>NON-CURRENT ASSETS</b>		
Goodwill	498	2,796
Other intangible assets	1,361	1,600
Property, plant and equipment	17,141	32,545
Investment property	23	25
Investments accounted for using the equity method	11,110	12,342
Non-current financial assets :		
Non-current financial instruments	532	703
Others	61	84
Deferred tax assets	3,967	6,074
Other non-current assets	155	238
<b>CURRENT ASSETS</b>		
Non-current assets held for sale	98	146
Inventories	3,931	4,263
Trade and other receivables	5,685	6,751
Other current assets	176	348
Other current financial assets	2,513	1,478
Cash and cash equivalents	4,638	2,092
<b>TOTAL ASSETS</b>	<b>51,889</b>	<b>71,485</b>
<b>TOTAL EQUITY</b>		
Attributable to equity holders of the parent	27,937	31,002
Attributable to minority interests	217	256
<b>NON-CURRENT LIABILITIES</b>		
Grants	9	8
Non-current provisions	2,386	6,990
Non-current financial debt	7,612	11,469
Deferred tax liabilities	1,684	4,368
Other non-current liabilities		
Non-current debt for finance leases	1,414	1,521
Other	387	514
<b>CURRENT LIABILITIES</b>		
Liabilities related to non-current assets held for sale	-	13
Current provisions	240	677
Current financial liabilities	4,086	7,893
Trade payables and other payables:		
Current debt for finance leases	176	201
Other payables	5,741	6,573
<b>TOTAL LIABILITIES</b>	<b>51,889</b>	<b>71,485</b>

**INCOME STATEMENT**

[€ millions]  
[Unaudited figures]  
Prepared according to International Financial Reporting Standards (IFRS)

	QUARTERLY DATA			JANUARY - JUNE	
	Q2 14	Q1 15	Q2 15	2014	2015
<b>Operating income</b>	<b>(32)</b>	<b>295</b>	<b>388</b>	<b>430</b>	<b>683</b>
Financial result	353	634	(193)	210	441
Income from equity affiliates	323	73	185	679	258
<b>Net income before tax</b>	<b>644</b>	<b>1,002</b>	<b>380</b>	<b>1,319</b>	<b>1,382</b>
Income tax	(87)	(236)	(63)	(250)	(299)
<b>Net income from continuing operations</b>	<b>557</b>	<b>766</b>	<b>317</b>	<b>1,069</b>	<b>1,083</b>
Net income from non-controlling interest	(6)	(5)	(25)	(10)	(30)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>551</b>	<b>761</b>	<b>292</b>	<b>1,059</b>	<b>1,053</b>
Net income for the year from discontinuing operations	(31)	-	-	268	-
<b>NET INCOME</b>	<b>520</b>	<b>761</b>	<b>292</b>	<b>1,327</b>	<b>1,053</b>
<b>Earning per share attributable to the parent company (*)</b>					
Euros/share	0.37	0.54	0.20	0.95	0.75
USD/ADR	0.51	0.59	0.23	1.30	0.84
Average number of shares	1,399,503,279	1,395,850,368	1,397,489,438	1,399,229,402	1,396,674,431
Exchange rates USD/EUR at the end of each quarter	1.37	1.08	1.12	1.37	1.12

(\*) A capital increase for the shareholder's remuneration scheme known as "Repsol dividendo flexible" was carried out in January 2013, July 2013, January 2014, July 2014, January 2015 and July 2015 accordingly, share capital is currently represented by 1,400,361,059 shares. The average weighted number of outstanding shares for the presented periods was recalculated in comparison with the previous periods to include the impact of this capital increase in accordance with IAS 33 "Earnings per share". The average number of shares held by the company during each period was also taken into account.

To calculate EPS the interest expense from the perpetual obligations (€8 million after taxes as of June 2015) has been adjusted.



## CASH FLOW STATEMENT

[€ millions]

[Unaudited figures]

Prepared according to International Financial Reporting Standards (IFRS)

	JANUARY - JUNE	
	2014	2015
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES (*)</b>		
Net income before taxes	1,319	1,382
Adjustments to net income		
Depreciation and amortisation of non current assets	942	1,359
Other adjustments to results (net)	(702)	(752)
<b>EBITDA</b>	<b>1,559</b>	<b>1,989</b>
Changes in working capital	(466)	(450)
Dividends received	199	133
Income taxes received/ (paid)	(394)	(142)
Other proceeds from/ ( payments for) operating activities	(131)	(232)
<b>OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>	<b>(326)</b>	<b>(241)</b>
	<b>767</b>	<b>1,298</b>
<b>II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)</b>		
Payments for investment activities	(2,104)	(9,876)
Proceeds from divestments	4,725	1,331
Other cashflow	-	494
	<b>2,621</b>	<b>(8,051)</b>
<b>III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)</b>		
Issuance of own capital instruments	-	995
Proceeds from/(payments for) equity instruments	22	29
Proceeds from issue of financial liabilities	2,358	6,621
Payments for financial liabilities	(3,258)	(4,045)
Payments for dividends and payments on other equity instruments	(1,350)	(245)
Interest payments	(410)	(395)
Other proceeds from/(payments for) financing activities	(88)	1,184
	<b>(2,726)</b>	<b>4,144</b>
<b>Effect of changes in exchange rates from continued operations</b>	<b>27</b>	<b>63</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS</b>	<b>689</b>	<b>(2,546)</b>
Cash flows from operating activities from discontinued operations	(72)	-
Cash flows from investment activities from discontinued operations	513	-
Cash flows from financing activities from discontinued operations	(1)	-
Effect of changes in exchange rates from discontinued operations	-	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS</b>	<b>440</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>5,716</b>	<b>4,638</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6,845</b>	<b>2,092</b>

(\*) Cash flows from continued operations

**APPENDIX III – RECONCILIATION OF NON-  
IFRS METRICS TO IFRS DISCLOSURES**

**SECOND QUARTER 2015**

## RECONCILIATION OF ADJUSTED NET INCOME AND THE CORRESPONDING CONSOLIDATED FINANCIAL STATEMENT HEADINGS

[Unaudited figures]

Q2 2014						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect	Total adjustments	
Operating income	361	(232)	(168)	7	(393)	(32)
Financial result	(46)	(40)	439	-	399	353
Income from equity affiliates	160	163	-	-	163	323
<b>Net income before tax</b>	<b>475</b>	<b>(109)</b>	<b>271</b>	<b>7</b>	<b>169</b>	<b>644</b>
Income tax	(79)	109	(115)	(2)	(8)	(87)
<b>Net income from continued operations</b>	<b>396</b>	-	<b>156</b>	<b>5</b>	<b>161</b>	<b>557</b>
Income attributed to minority interests	(6)	-	-	-	-	(6)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>390</b>	-	<b>156</b>	<b>5</b>	<b>161</b>	<b>551</b>
Income from discontinued operations						(31)
<b>ADJUSTED NET INCOME</b>	<b>390</b>	-	<b>156</b>	<b>5</b>	<b>161</b>	<b>520</b>

Q1 2015						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect	Total adjustments	
Operating income	587	(3)	(77)	(212)	(292)	295
Financial result	655	(44)	23	-	(21)	634
Income from equity affiliates	126	(53)	-	-	(53)	73
<b>Net income before tax</b>	<b>1,368</b>	<b>(100)</b>	<b>(54)</b>	<b>(212)</b>	<b>(366)</b>	<b>1,002</b>
Income tax	(423)	100	27	60	187	(236)
<b>Net income from continued operations</b>	<b>945</b>	-	<b>(27)</b>	<b>(152)</b>	<b>(179)</b>	<b>766</b>
Income attributed to minority interests	(17)	-	-	12	12	(5)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>928</b>	-	<b>(27)</b>	<b>(140)</b>	<b>(167)</b>	<b>761</b>
Income from discontinued operations						-
<b>ADJUSTED NET INCOME</b>	<b>928</b>	-	<b>(27)</b>	<b>(140)</b>	<b>(167)</b>	<b>761</b>

Q2 2015						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect	Total adjustments	
Operating income	522	(99)	(159)	124	(134)	388
Financial result	(199)	7	(1)	-	6	(193)
Income from equity affiliates	109	76	-	-	76	185
<b>Net income before tax</b>	<b>432</b>	<b>(16)</b>	<b>(160)</b>	<b>124</b>	<b>(52)</b>	<b>380</b>
Income tax	(101)	16	57	(35)	38	(63)
<b>Net income from continued operations</b>	<b>331</b>	-	<b>(103)</b>	<b>89</b>	<b>(14)</b>	<b>317</b>
Income attributed to minority interests	(19)	-	-	(6)	(6)	(25)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>312</b>	-	<b>(103)</b>	<b>83</b>	<b>(20)</b>	<b>292</b>
Income from discontinued operations	-	-	-	-	-	-
<b>ADJUSTED NET INCOME</b>	<b>312</b>	-	<b>(103)</b>	<b>83</b>	<b>(20)</b>	<b>292</b>

JANUARY - JUNE 2014						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect		
Operating income	1,158	(464)	(183)	(81)	(728)	430
Financial result	(176)	(57)	443	-	386	210
Income from equity affiliates	295	335	49	-	384	679
<b>Net income before tax</b>	<b>1,277</b>	<b>(186)</b>	<b>309</b>	<b>(81)</b>	<b>42</b>	<b>1,319</b>
Income tax	(342)	186	(118)	24	92	(250)
<b>Net income from continued operations</b>	<b>935</b>	<b>-</b>	<b>191</b>	<b>(57)</b>	<b>134</b>	<b>1,069</b>
Income attributed to minority interests	(13)	-	-	3	3	(10)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>922</b>	<b>-</b>	<b>191</b>	<b>(54)</b>	<b>137</b>	<b>1,059</b>
Income from discontinued operations	-	-	-	-	-	268
<b>ADJUSTED NET INCOME</b>	<b>922</b>	<b>-</b>	<b>191</b>	<b>(54)</b>	<b>137</b>	<b>1,327</b>

JANUARY - JUNE 2015						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect		
Operating income	1,109	(102)	(236)	(88)	(426)	683
Financial result	456	(37)	22	-	(15)	441
Income from equity affiliates	235	23	-	-	23	258
<b>Net income before tax</b>	<b>1,800</b>	<b>(116)</b>	<b>(214)</b>	<b>(88)</b>	<b>(418)</b>	<b>1,382</b>
Income tax	(524)	116	84	25	225	(299)
<b>Net income from continued operations</b>	<b>1,276</b>	<b>-</b>	<b>(130)</b>	<b>(63)</b>	<b>(193)</b>	<b>1,083</b>
Income attributed to minority interests	(36)	-	-	6	6	(30)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>1,240</b>	<b>-</b>	<b>(130)</b>	<b>(57)</b>	<b>(187)</b>	<b>1,053</b>
Income from discontinued operations	-	-	-	-	-	-
<b>ADJUSTED NET INCOME</b>	<b>1,240</b>	<b>-</b>	<b>(130)</b>	<b>(57)</b>	<b>(187)</b>	<b>1,053</b>

## RECONCILIATION OF OTHER ECONOMIC DATA AND THE CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited figures]

### STATEMENT OF FINANCIAL POSITION

#### RECONCILIATION OF NET DEBT TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

	DECEMBER 2014			JUNE 2015		
	Proforma	Reclassification of JV (1)	IFRS	Proforma	Reclassification of JV (1)	IFRS
<b>NON-CURRENT ASSETS</b>						
Non-current financial instruments	284	248	532	311	392	703
<b>CURRENT ASSETS</b>						
Other current financial assets	1,708	805	2,513	570	908	1,478
Cash and cash equivalents	5,027	(389)	4,638	2,514	(422)	2,092
<b>NON-CURRENT LIABILITIES</b>						
Non-current financial debt	(7,613)	1	(7,612)	(11,544)	75	(11,469)
<b>CURRENT LIABILITIES</b>						
Current financial liabilities	(1,532)	(2,554)	(4,086)	(5,204)	(2,689)	(7,893)
<b>CAPTIONS NOT INCLUDED IN THE BALANCE SHEET</b>						
Net mark-to-market valuation of financial derivatives (excluding exchange rate) (2)	191	-	191	89	-	89
<b>NET DEBT</b>	<b>(1,935)</b>		<b>(3,824)</b>	<b>(13,264)</b>		<b>(15,000)</b>

(1) Mainly corresponding to the financial contribution by Repsol Sinopec Brazil which is detailed in the following captions:

2014: "Cash and cash equivalents" amounting to €15 million and "Current financial liabilities" for intragroup loans amounting to €2,535 million, reduced in €37 million due to loans with third parties.  
2015: "Cash and cash equivalents" amounting to €11 million; "Current financial liabilities" for intragroup loans amounting to €2,746 million; and €244 million in loans with third parties.

(2) This caption does not consider net market value of financial derivatives other than exchange rate ones

### CASH FLOW STATEMENT

#### RECONCILIATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

	JANUARY - JUNE							
	2014				2015			
	Proforma	Reclassification of JV	Financial investments/divestments	IFRS	Proforma	Reclassification of JV	Financial investments/divestments	IFRS
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES (1)</b>								
EBITDA	2,202	(643)		1,559	2,383	(394)		1,989
Changes in working capital	(547)	81		(466)	(564)	114		(450)
Dividends received (2)	133	66		199	119	14		133
Income taxes received/ (paid)	(542)	148		(394)	(222)	80		(142)
<b>OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>	<b>(132)</b>	<b>1</b>		<b>(131)</b>	<b>(239)</b>	<b>7</b>		<b>(232)</b>
	<b>1,114</b>	<b>(347)</b>		<b>767</b>	<b>1,477</b>	<b>(179)</b>		<b>1,298</b>
<b>II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (1)</b>								
	<b>3,073</b>	<b>452</b>	<b>(904)</b>	<b>2,621</b>	<b>(10,106)</b>	<b>638</b>	<b>1,417</b>	<b>(8,051)</b>

(1) Cash flows from continued operations

(2) These concepts are included in the Net Debt evolution chart within the caption "Interests and other movements"

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