



Q2 2016 RESULTS

28 July, 2016

TABLE OF CONTENTS

BASIS OF PREPARATION OF THE FINANCIAL INFORMATION	2
KEY METRICS FOR THE PERIOD	4
KEY MILESTONES FOR THE SECOND QUARTER OF 2016	4
NET INCOME PERFORMANCE BY BUSINESS SEGMENT	6
<i>UPSTREAM.....</i>	<i>6</i>
<i>DOWNSTREAM.....</i>	<i>8</i>
<i>GAS NATURAL FENOSA.....</i>	<i>9</i>
<i>CORPORATE AND OTHERS.....</i>	<i>10</i>
NET INCOME ANALYSIS: SPECIAL ITEMS.....	11
<i>SPECIAL ITEMS.....</i>	<i>11</i>
CASH FLOW ANALYSIS: ADJUSTED CASH FLOW STATEMENT	11
NET DEBT ANALYSIS: NET DEBT EVOLUTION.....	12
RELEVANT EVENTS	13
APPENDIX I – FINANCIAL METRICS AND OPERATING INDICATORS BY SEGMENT	15
<i>OPERATING INDICATORS</i>	<i>23</i>
APPENDIX II – CONSOLIDATED FINANCIAL STATEMENTS	26
APPENDIX III – RECONCILIATION OF NON-IFRS METRICS TO IFRS DISCLOSURES.....	30

BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The definition of the Repsol Group's business segments is based on the delimitation of the different activities performed and from which the Group earns revenue or incurs expenses, as well as on the organizational structure approved by the Board of Directors for business management. Using these segments as a reference point, Repsol's management team (Corporate, E&P and Downstream Executive Committees) analyses the main operating and financial indicators in order to make decisions about segment resource allocation and to assess how the Company is performing. Repsol did not group segments for the presentation of this information.

The operating segments of the Group are:

- **Upstream**, corresponding to exploration and development of crude oil and natural gas reserves.
- **Downstream**, corresponding, mainly, to the following activities: (i) refining and petrochemistry, (ii) trading and transportation of crude oil and oil products, (iii) commercialization of oil products, petrochemical and LPG, (iv) the commercialization, transport and regasification of natural gas and liquefied natural gas (LNG) and;
- **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.

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

Repsol presents the results for each segment including those corresponding to joint ventures and 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, which corresponds to net income from continuing operations at current cost of supply or CCS after taxes and minority interests and not including certain items of income and expense ("*Special Items*"). Net finance cost is allocated to the Corporation segment's Adjusted Net Income/Loss.

Although this measure of profit (CCS), widely used in the industry to report the earnings generated in Downstream businesses which necessarily work with significant volumes of inventories that are subject to constant price fluctuations, is not accepted in *European accounting standards*, it does facilitate comparison with the earnings of sector peers and enables analysis of the underlying business performance by stripping out the impact of price fluctuations on reported inventory levels. Using the CCS method, the cost of volumes sold during the reporting period is calculated using the costs of procurement and production incurred during that same period. As a result, Adjusted Net Income does not include the so-called *Inventory Effect*. This *Inventory Effect* is presented separately, net of tax and minority interests, and corresponds to the difference between income at CCS and that arrived at using the Weighted Average

Cost approach, which is the method used by the Company to determine its earnings in accordance with *European accounting regulations*.

Likewise, *Adjusted Net Income* does not include the so-called *Special Items*, i.e., certain material items whose separate presentation is considered appropriate in order to facilitate analysis of the ordinary business performance. It includes gains/losses on disposals, personnel restructuring charges, asset impairment losses and provisions for contingencies and charges. Special Items are presented separately, net of the tax effect and minority interests.

However, Adjusted Net Income of the *Gas Natural Fenosa* segment includes the company's net income in accordance with the equity method.

All of the information presented in this *Q2 2016 Results Earnings Release* has been prepared in accordance with the abovementioned criteria, with the exception of the information provided in Appendix II "*Consolidated Financial Statements*" which has been prepared according to the *International Financial Reporting Standards adopted by the European Union (IFRS-EU)*.

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

In addition, the Group is consolidating the results of the acquired company *Talisman Energy Inc.*¹ ("*Talisman*") since the date of closing of the transaction, 8 May 2015. The accounting of this business combination is final, once the IFRS 3 "*Business combination*" prescribed 12-month period has elapsed.

In accordance with IFRS 6 "*Exploration for and evaluation of mineral resources*", the Group has considered that the capitalization of geology and geophysics costs (G&G) during the exploratory phase provides a fairer presentation of the assets' economic reality and performance of its businesses. For more information about this change in the accounting policies, see the *Interim Condensed Consolidated Financial Statements* for the six-month period ended 30 June 2016.

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 Results Earnings Release* are included in Appendix I "*Alternative Performance Measures*" of the *Interim Management Report* for the six-month period ended 30 June 2016.

Repsol will publish today the *Interim Condensed Consolidated Financial Statements* and the *Interim Management Report* for the six-month period ended 30 June 2016 and they will be available on Repsol's and CNMV's (*Comisión Nacional del Mercado de Valores*) websites.

¹ The registered name of *Talisman Energy Inc.* was changed to *Repsol Oil&Gas Canada Inc. (ROGCI)* on 1 January, 2016.

KEY METRICS FOR THE PERIOD
[Unaudited figures]

Results (€ Million)	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
Upstream	(48)	17	46	-	(238)	63	-
Downstream	439	556	378	(13.9)	973	934	(4.0)
Gas Natural Fenosa	105	99	96	(8.6)	227	195	(14.1)
Corporate and others	(184)	(100)	(175)	4.9	278	(275)	-
ADJUSTED NET INCOME	312	572	345	10.6	1,240	917	(26.0)
Inventory effect	83	(157)	159	91.6	(57)	2	-
Non-recurring income	(103)	19	(299)	(190.3)	(130)	(280)	(115.4)
NET INCOME	292	434	205	(29.8)	1,053	639	(39.3)

Economic data (€ Million)	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
EBITDA	1,421	1,027	1,390	(2.2)	2,383	2,417	1.4
EBITDA CCS	1,297	1,242	1,167	(10.0)	2,471	2,409	(2.5)
NET INVESTMENT	9,069	709	329	(96.4)	10,001	1,038	(89.6)
NET DEBT	13,264	11,978	11,709	(11.7)	13,264	11,709	(11.7)
NET DEBT / EBITDA CCS (x)	2.52	2.41	2.51	-	2.68	2.43	(0.1)

Operational data	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
LIQUIDS PRODUCTION (Thousand bbl/d)	203	255	246	21.3	168	251	49.4
GAS PRODUCTION ^(*) (Million scf/d)	1,811	2,579	2,530	39.7	1,531	2,554	66.8
TOTAL PRODUCTION (Thousand boe/d)	525	714	697	32.6	440	705	60.2
CRUDE OIL REALIZATION PRICE (\$/Bbl)	55.7	30.3	40.1	(27.9)	51.1	35.1	(31.3)
GAS REALIZATION PRICE (\$/Thousand scf)	3.2	2.4	2.3	(28.5)	3.1	2.3	(24.1)
DISTILLATION UTILIZATION Spanish Refining (%)	89.1	85.8	77.0	(21.2)	85.9	81.4	(4.5)
CONVERSION UTILIZATION Spanish Refining (%)	105.1	103.0	92.5	(12.6)	102.0	97.7	(4.3)
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	9.1	6.3	6.5	(28.6)	8.9	6.4	(28.1)

(*) 1,000 Mcf/d = 28.32 Mm³/d = 0.178 Mboe/d.

KEY MILESTONES FOR THE SECOND QUARTER OF 2016

- **Adjusted net income** in the second quarter was €345 million, 11% higher year-on-year. **Net income** amounted to €205 million, 30% lower year-on-year, due to Special Items principally workforce restructuring costs partially offset by net gains from the completion in the second quarter of the sales of the LPG business in Peru, the UK windfarm project and a portion of the piped LPG business in Spain.
- **Adjusted net income** in the first half of the year was €917 million, 26% lower year-on-year mainly due to the positive effect of exchange rate positions taken in the first half of 2015. **Net income** amounted to €639 million, 39% lower compared to the same period last year, mainly due to the above mentioned exchange rate effect in 2015 and the workforce restructuring costs partially offset by net gains from the completion in the second quarter of sales as noted above.
- Quarterly results for the business units are summarized as follows:
 - Adjusted net income from **Upstream** was €46 million positive and €94 million higher than in the same period in 2015, mainly due to lower exploration expenses, higher volumes - mainly due to the contribution of acquired assets - and a positive tax effect from the appreciation of local currencies, partially offset by lower realized oil and gas prices.

- In **Downstream**, adjusted net income was 14% lower year-on-year because of lower volumes produced and a lower refining margin obtained in the quarter due to planned maintenance in the refining system and the market environment. However, these effects were partially offset by better results in the Chemicals, Marketing and LPG businesses.
- The adjusted net income of **Gas Natural Fenosa** stood at €96 million, 9% lower year-on-year mainly due to lower profits from gas commercialization.
- In **Corporate and others**, adjusted net income amounted to €-175 million.
- Upstream **production** averaged 697 kboe/d, 33% higher year-on-year. The increase in production came mainly from acquired assets, ramp-up of the Cardón IV project in Venezuela and the Sapinhoá project in Brazil, contribution from Gudrun in Norway and higher production in Perú. This was partially offset by maintenance work in Trinidad and Tobago, cessation of production at Varg in Norway and lower activity in Midcontinent in the United States.
- **EBITDA CCS** was €1.167 billion, 10% lower compared to that of the second quarter of 2015. **EBITDA CCS** in the first half of 2016 reached €2.409 billion, 3% lower compared to the same period in 2015.
- The Group's **net debt** at the end of the quarter stood at €11.7 billion, €0.3 billion lower compared to the first quarter of 2016. The **net debt to capital employed ratio** stood at 29%.
- **Cash flow from operating activities** of approximately €1.8 billion covered net investments, interest and dividend payments during the first half of 2016. *To aid understanding, please find on page 11 of this document a section regarding Adjusted Cash Flow Statement.*
- Material progress was made towards our **Synergy and Efficiency** Strategic Targets which are expected to deliver over €1.2 billion of benefit this year. By the end of the second quarter 2016 projects have commenced that will secure approximately 70% of the 2016 annual target and by quarter end above 50% of the full year target had already been realized in the financial books.

NET INCOME PERFORMANCE BY BUSINESS SEGMENT
UPSTREAM
[Unaudited figures]

Results (€ Million)	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
ADJUSTED NET INCOME	(48)	17	46	-	(238)	63	-
Operating income	(46)	(95)	16	-	(182)	(79)	56.6
Income tax	0	106	31	-	(56)	137	-
Income from equity affiliates and non-controlling interests	(2)	6	(1)	50.0	0	5	-
EBITDA	622	404	529	(14.9)	903	933	3.3
NET INVESTMENT	8,896	638	643	(92.8)	9,649	1,281	(86.7)
EFFECTIVE TAX RATE (%)	2	(112)	(196)	(198.0)	31	(173)	(204.0)
International prices	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
Brent (\$/Bbl)	61.9	33.9	45.6	(26.3)	57.8	39.8	(31.2)
WTI (\$/Bbl)	58.0	33.6	45.6	(21.2)	53.3	39.8	(25.4)
Henry Hub (\$/MBtu)	2.6	2.1	2.0	(26.0)	2.8	2.0	(28.1)
Average exchange rate (\$/€)	1.11	1.10	1.13	2.2	1.12	1.12	0.0
Realization prices	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
CRUDE OIL (\$/Bbl)	55.7	30.3	40.1	(27.9)	51.1	35.1	(31.3)
GAS (\$/Thousand scf)	3.2	2.4	2.3	(28.5)	3.1	2.3	(24.1)
Exploration (*)	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
BONUS, DRY WELLS AND G&A	204	18	46	(77.5)	422	65	(84.6)
Production	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
LIQUIDS (Thousand bbl/d)	203	255	246	21.3	168	251	49.4
GAS (**) (Million scf/d)	1,811	2,579	2,530	39.7	1,531	2,554	66.8
TOTAL (Thousand boe/d)	525	714	697	32.6	440	705	60.2

(*) Only direct costs attributable to exploration projects. The Group has capitalized G&G by an amount of €106 million during the first half of 2016. For more information about this change in the accounting policies, see the *Interim Condensed Consolidated Financial Statements* for the six-month period ended 30 June 2016. (**) 1,000 Mcf/d = 28.32 Mm³/d = 0.178 Mboe/d

Adjusted net income in the quarter was €46 million positive, €94 million higher than the same period in 2015, mainly due to the impact of lower exploration expenses, higher production volumes and a positive impact from taxes, partially offset by lower realized prices.

The main variances for the year-on-year performance in the Upstream division are as follows:

- Lower **crude oil and gas realization prices**, net of royalties, had a negative impact on the operating income of €372 million.
- **Higher production** contributed to an increase in operating income of €290 million thanks to the contribution from the acquired assets, the ramp-up of the Cardón IV project in Venezuela and the Sapinhoá project in Brazil, contribution from Gudrun in Norway and higher production in Perú. This was partially offset by maintenance work in Trinidad and Tobago, cessation of production at Varg in Norway and lower activity in Midcontinent in the United States.
- As a result of lower **exploration** activity, principally due to lower amortization of dry wells, the operating income increased by €144 million, excluding exchange rate effect.

- **Income tax expense** impacted the adjusted net income positively by €32 million, mainly due to the positive effect from appreciation of some local currencies, principally in Brazil.
- **Income of equity affiliates and non-controlling interests, depreciation and amortization, exchange rate and others** contains the balance of remaining differences compared to the first quarter of last year.

Upstream **production** averaged 697 kboe/d in the second quarter of 2016, 33% higher year-on-year.

During the second quarter of 2016, six wells - three exploratory and three appraisal - were concluded. The three appraisal wells were deemed successful; two exploratory wells were unsuccessful while the third is still under evaluation.

January – June 2016 results

The **adjusted net income** for the first half of 2016 amounted to €63 million, €301 million higher than in the same period of 2015, mainly due to lower exploration expenses, higher production volumes and a positive impact from taxes, partially offset by lower realized prices.

Average production in the first half of 2016 (705 Kboe/d) was 60% higher than the same period in 2015 (440 Kboe/d), mainly due to the contribution from acquired assets.

Net investment

Net investment in Upstream in the second quarter of 2016 amounted to €643 million, a 28% decrease, excluding the payment for the acquisition of *Talisman*, compared to the second quarter of 2015, a period in which this company started to be consolidated on 8 May.

Excluding divestments, **Development investment** accounted for 71% of the total investment and was concentrated mainly in Trinidad and Tobago (21%), UK (14%), Algeria (14%), Venezuela (14%), the U.S. (13%), Brazil (9%) and Bolivia (6%); and **Exploration investment** represented 20% of the total and was allocated primarily in Angola (23%), the U.S. (13 %), Brazil (11%), Indonesia (9%), Colombia (9%), Bulgaria (8%), Norway (5%) and Malaysia (3%).

Net investment in Upstream in the first half of 2016 amounted to €1.281 billion, a 22% decrease, excluding the payment for the acquisition of *Talisman*, compared to the first half of 2015.

Excluding divestments, **Development investment** accounted for 73% of the total investment and was concentrated mainly in Trinidad and Tobago (21%), the U.S. (17%), UK (11%), Brazil (11%), Algeria (10%), Venezuela (9%), Bolivia (5%) and Canada (5%); and **Exploration investment** represented 21% of the total and was allocated primarily in the U.S. (23%), Brazil (12%), Angola (11%), Indonesia (9%), Colombia (6%), Bulgaria (6%), Australia (4%), Norway (4%) and Algeria (3%).

DOWNSTREAM
(Unaudited figures)

Results (€ Million)	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
ADJUSTED NET INCOME	439	556	378	(13.9)	973	934	(4.0)
Operating income	622	718	511	(17.8)	1,373	1,229	(10.5)
Income tax	(170)	(156)	(125)	26.5	(372)	(281)	24.5
Income from equity affiliates and non-controlling interests	(13)	(6)	(8)	38.5	(28)	(14)	50.0
WEIGHTED AVERAGE COST RECURRENT NET INCOME	522	399	537	2.9	916	936	2.2
Inventory effect	83	(157)	159	91.6	(57)	2	-
EBITDA	931	671	914	(1.8)	1,655	1,585	(4.2)
EBITDA CCS	807	886	691	(14.4)	1,743	1,577	(9.5)
NET INVESTMENT	149	86	(344)	-	283	(258)	-
EFFECTIVE TAX RATE (%)	27	27	24	(3.0)	27	23	(4.0)
Operational data	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	9.1	6.3	6.5	(28.6)	8.9	6.4	(28.1)
DISTILLATION UTILIZATION Spanish Refining (%)	89.1	85.8	77.0	(21.2)	85.9	81.4	(4.5)
CONVERSION UTILIZATION Spanish Refining (%)	105.1	103.0	92.5	(12.6)	102.0	97.7	(4.3)
OIL PRODUCT SALES (Thousand tons)	11,990	11,125	10,926	(8.9)	22,721	22,051	(2.9)
PETROCHEMICAL PRODUCT SALES (Thousand tons)	683	764	713	4.4	1,424	1,477	3.7
LPG SALES (Thousand tons)	526	631	422	(19.8)	1,230	1,052	(14.5)
NORTH AMERICA NATURAL GAS SALES (TBtu)	57.3	115.5	105.3	83.8	164.2	220.8	34.5
International prices (\$/Mbtu)	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
Henry Hub	2.6	2.1	2.0	(26.0)	2.8	2.0	(28.1)
Algonquin	2.2	3.3	2.4	9.1	6.9	2.9	(58.0)

Adjusted net income in the second quarter of 2016 amounted to €378 million, 14% lower compared to the second quarter of 2015.

The principal impacts on the quarterly earnings performance year-on-year are:

- In **Refining**, lower utilization rates and lower refining margins, due to planned maintenance, reduced operating income by €224 million. The Refining Margin Indicator declined in the period compared to the same period last year, due to narrower middle distillate and light-heavy crude spreads partially offset by lower energy costs.
- In **Chemicals**, higher sales volumes and improved margins, aided by a better market environment, generated a positive effect on the operating income of €14 million.
- In **Marketing and LPG**, operating income was higher by €54 million, compared to the second quarter of 2015.
- In **Trading and Gas & Power**, the operating income was €18 million lower than the second quarter of 2015.
- **Results in other activities, equity affiliates and non-controlling interests, exchange rate and taxes** account for the remaining variance.

January – June 2016 results

Adjusted net income for the first half of 2016 was €934 million, 4% lower year-on-year. The decrease in results is mainly driven by lower margin and lower utilization in refining and lower results in Trading and Gas & Power partially offset by better petrochemical margins and volumes, enhanced performance in the commercial businesses and a lower tax rate in Spain.

Net investment

Investment in Downstream in the second quarter of 2016 amounted to €197 million.

Net investment amounted to €-344 million, including €541 million of divestments, mainly from the Peru LPG business, the UK windfarm project and part of the piped LPG business in Spain. Repsol expects to close the outstanding piped LPG transactions in the third quarter of 2016.

Net investment in the first half of the year stood at €-258 million, including €587 million of divestments.

GAS NATURAL FENOSA

[Unaudited figures]

Results (€ Million)	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
ADJUSTED NET INCOME	105	99	96	(8.6)	227	195	(14.1)

Adjusted net income in the second quarter of 2016 amounted to €96 million, 9% lower year-on-year mainly due to lower profits in the gas commercialization business attributable to the current price environment.

January – June 2016 results

Adjusted net income for the first half of 2016 was €195 million, 14% lower year-on-year, in line with the quarter on quarter reduction as noted above.

CORPORATE AND OTHERS
[Unaudited figures]

Results (€ Million)	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
ADJUSTED NET INCOME	(184)	(100)	(175)	4.9	278	(275)	-
Corporate and others operating income	(54)	(63)	(90)	(66.7)	(82)	(153)	(86.6)
Financial result	(199)	(77)	(185)	7.0	456	(262)	-
Income tax	69	40	100	44.9	(96)	140	-
EBITDA	(132)	(48)	(53)	59.8	(175)	(101)	42.3
NET INVESTMENT	24	(15)	30	25.0	69	15	(78.3)
EFFECTIVE TAX RATE (%)	(27)	(29)	(36)	(9.0)	26	(34)	(60.0)

CORPORATE AND OTHERS

Corporate and others accounted for a net expense of €90 million in the second quarter of 2016, compared to a net expense of €54 million in the same quarter of the previous year due to the inclusion of *Talisman* corporate costs from 8 May, 2015. This effect has been partially offset by lower costs, thanks to the efficiency project, in the Madrid head office in the second quarter of 2016.

In the first half of 2016, **Corporate and others** accounted for a net expense of €153 million which compares to a net expense of €82 million in the same period of last year, mainly due to the inclusion of *Talisman* corporate costs since 8 May, 2015.

FINANCIAL RESULTS
[Unaudited figures]

Results (€ Million)	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
NET INTERESTS	(113)	(115)	(108)	4.4	(181)	(224)	(23.8)
OTHER CAPTIONS	(86)	38	(77)	10.5	637	(38)	-
TOTAL	(199)	(77)	(185)	7.0	456	(262)	-

Net financial result in the second quarter of 2016 amounted to €-185 million, broadly in line with the second quarter of 2015, but lower than the previous quarter, principally due to the gain obtained in the first quarter of 2016 from the repurchase of *Talisman* bonds.

Net financial result in the first half of 2016 has been €-262 million, €718 million lower than in the same period of last year, principally due to the positive results obtained in the first quarter of 2015 from the appreciation of the dollar against the euro.

NET INCOME ANALYSIS: SPECIAL ITEMS
SPECIAL ITEMS
[Unaudited figures]

Results (€ Million)	Q2 2015	Q1 2016	Q2 2016	% Change Q2 16/Q2 15	January - June 2015	January - June 2016	% Change 2016/2015
Divestments	12	59	191	-	11	250	-
Indemnities and workforce restructuring	(16)	(29)	(316)	-	(34)	(346)	-
Impairment of assets	(70)	-	(9)	87	(83)	(10)	88
Provisions and others	(29)	(11)	(165)	-	(24)	(174)	-
SPECIAL ITEMS	(103)	19	(299)	(190)	(130)	(280)	(150)

Special items in the second quarter of 2016 were a net loss of €299 million, mainly due to workforce restructuring costs partially compensated by net gains from the sale of the LPG business in Peru, the UK windfarm project and part of the piped LPG business, all of which closed in the second quarter of 2016.

Special items in the first half of 2016 resulted in a net loss of €280 million, in line with the quarter on quarter variance as noted above.

CASH FLOW ANALYSIS: ADJUSTED CASH FLOW STATEMENT

This section presents the Group's Adjusted Cash Flow Statement:

[Unaudited figures]

	JANUARY - JUNE	
	2015	2016
I. CASH FLOWS FROM OPERATING ACTIVITIES		
EBITDA CCS	2,471	2,409
Changes in working capital	(652)	(723)
Dividends received	119	303
Income taxes received/ (paid)	(222)	119
Other proceeds from/ (payments for) operating activities	(239)	(336)
	1,477	1,772
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES		
	(9,500)	(997)
FREE CASH FLOW (I. + II.)	(8,023)	775
Payments for dividends and payments on other equity instruments	(245)	(271)
Net interest payments and leases	(393)	(462)
Financing operations	6,149	(366)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	(2,512)	(324)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,027	2,769
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,515	2,445

NET DEBT ANALYSIS: NET DEBT EVOLUTION

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

(Unaudited figures)

NET DEBT EVOLUTION (€ Million)	Q2 2016	January - June 2016
NET DEBT AT THE START OF THE PERIOD	11,978	11,934
EBITDA CCS	(1,167)	(2,409)
CHANGE IN WORKING CAPITAL	151	723
INCOME TAX RECEIVED /PAID	150	(119)
NET INVESTMENT ⁽¹⁾	256	965
DIVIDENDS PAID AND OTHER EQUITY INSTRUMENTS PAYOUTS	-	271
OWN SHARES TRANSACTIONS	42	49
FOREIGN EXCHANGE RATE EFFECT	54	(74)
INTEREST AND OTHER MOVEMENTS ⁽²⁾	245	369
NET DEBT AT THE END OF THE PERIOD	11,709	11,709
		2016
CAPITAL EMPLOYED CONTINUED OPERATIONS (€ Million)		40,531
NET DEBT / CAPITAL EMPLOYED (%)		28.9
NET DEBT / EBITDA CCS (x)		2.43

(1) As of 30 June 2016, there were net financial investments amounting to €32 million.

(2) Principally includes interest expense on borrowings, dividends received, provisions used and companies' acquisition/sale effect.

The Group's **net debt** at the end of the second quarter of 2016 stood at €11.7 billion, €0.3 billion lower compared to the first quarter of 2016.

Cash flow from operating activities of approximately €1.8 billion covered net investments, interests and dividend payments during the first half of 2016.

The Group's **liquidity** at the end of the first half of 2016 was approximately €6.7 billion (including undrawn committed credit lines), and covered by 1.8 times gross debt maturities in the short term.

RELEVANT EVENTS

Material company-related events since the first quarter 2016 results release were as follows:

In **Corporation**, on 20 May 2016, the Ordinary General Shareholders' Meeting of Repsol, S.A approved all of the proposals submitted by the Board of Directors, including the re-election of Mr. Isidro Fainé Casas, and the ratification and re-election of Mr. Gonzalo Gortázar Rotaache as Directors for a statutory term of 4 years each.

Additionally, on 20 May 2016, Repsol announced the expected timetable for the completion of its paid-up capital increase, approved in the framework of the "Repsol Flexible Dividend" program by the Shareholders' Meeting, under item five on the agenda, to be implemented in June and July 2016.

On 17 June 2016, as provided for by section 228 of the *Securities Market Act*, to complement the information already disclosed by *Talisman* and Repsol in their financial statements from the first half of 2015 and onwards, both companies informed that *Addax Petroleum UK Limited* and *Sinopec International Petroleum Exploration and Production Corporation* (both companies ultimately owned by the Chinese Government) have initiated arbitration proceedings against *Talisman Energy Inc.* (currently *Repsol Oil & Gas Canada Inc.*) and *Talisman Colombia Holdco Limited*. In those proceedings *Addax* and *Sinopec* were seeking repayment of their initial investment in *TSEUK*, which was executed in 2012 through the purchase of 49% of *TSEUK* from the Canadian group *Talisman*, together with any additional investment, past or future, in such company, and further for any loss of opportunity, and which they estimate in a total approximate amount of US\$5.5 billion. The claim, which had been periodically disclosed, is considered by *Talisman* and Repsol to be baseless and therefore it is currently assessed by them, as well as by their external legal counsel, as a Remote Risk.

On 1 July 2016, Repsol started up the Sixth Cycle of the Share Acquisition Plan by Beneficiaries of Multiannual Remuneration Programs.

On 13 June 2016, Repsol disclosed information in connection with the commencement of the paid-up capital increase approved by the 2016 Annual Shareholders' Meeting under item five on the agenda, as part of the shareholder remuneration program "Repsol Flexible Dividend" (scrip dividend).

On 6 July 2016, following the official notices sent to the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores - CNMV*) on May 20 and June 13, 2016, Repsol announced the end, on July 1, 2016, 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 64.54% of free-of-charge allocation rights (a total of 930,570,927 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 23,860,793, representing an increase of approximately 1.65% of the share capital of Repsol before the capital increase. Moreover, during the period established for that purpose, holders of 35.46% of free-of-charge allocation rights accepted the irrevocable commitment to purchase rights taken by Repsol. Consequently, Repsol acquired 511,212,326 rights for a total amount of €149,273,999.192. Repsol waived the shares corresponding to the free-of-charge allocation rights acquired by virtue of the mentioned commitment.

On 8 July 2016, Repsol's "Trading Statement" was published; it provided provisional information for the second quarter of 2016, including data on the economic environment as well as company performance during the period.

During the first half of July and taking advantage of the positive tone of the fixed income market, Repsol bonds' demand and the opportunity to be financed with rates close to zero interest, the Company, through its subsidiary *Repsol International Finance BV*, issued two bonds (*€600 million floating rate note with quarterly coupon of 3-month Euribor, at the time of issuance set in -0.29%, plus 0.70%, maturing 6 July 2018; and €100 million, fixed annual coupon of 0.125%, maturing 15 July 2019*) through private placements in order to repay existing bank debt at higher cost. With this, Repsol also released bankability for other financial products and broadened its investor base by placing bonds to institutional investors.

Madrid, 28 July, 2016

A conference call has been scheduled for research analysts and institutional investors for today, 28 July 2016 at 13.00 (CET) to report on the Repsol Group's second quarter 2016 results. Shareholders and other interested parties can follow the call live through Repsol's corporate website (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 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 2016

ADJUSTED NET INCOME BY BUSINESS SEGMENTS
(Unaudited figures)

€ Million	Q2 2015							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	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)
TOTAL	522	(199)	(101)	90	312	83	(103)	292
Income from discontinued operations							-	-
NET INCOME							(103)	292

€ Million	Q1 2016							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	(95)	-	106	6	17	-	(38)	(21)
Downstream	718	-	(156)	(6)	556	(157)	48	447
Gas Natural Fenosa	-	-	-	99	99	-	-	99
Corporation & Others	(63)	(77)	40	-	(100)	-	9	(91)
TOTAL	560	(77)	(10)	99	572	(157)	19	434
Income from discontinued operations							-	-
NET INCOME							19	434

€ Million	Q2 2016							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	16	-	31	(1)	46	-	(172)	(126)
Downstream	511	-	(125)	(8)	378	159	60	597
Gas Natural Fenosa	-	-	-	96	96	-	-	96
Corporation & Others	(90)	(185)	100	-	(175)	-	(187)	(362)
TOTAL	437	(185)	6	87	345	159	(299)	205
Income from discontinued operations							-	-
NET INCOME							(299)	205

€ Million	January - June 2015							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	(182)	-	(56)	-	(238)	-	(105)	(343)
Downstream	1,373	-	(372)	(28)	973	(57)	29	945
Gas Natural Fenosa	-	-	-	227	227	-	-	227
Corporation & Others	(82)	456	(96)	-	278	-	(54)	224
TOTAL	1,109	456	(524)	199	1,240	(57)	(130)	1,053
Income from discontinued operations							-	-
NET INCOME							(130)	1,053

€ Million	January - June 2016							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	(79)	-	137	5	63	-	(210)	(147)
Downstream	1,229	-	(281)	(14)	934	2	108	1,044
Gas Natural Fenosa	-	-	-	195	195	-	-	195
Corporation & Others	(153)	(262)	140	-	(275)	-	(178)	(453)
TOTAL	997	(262)	(4)	186	917	2	(280)	639
Income from discontinued operations							-	-
NET INCOME							(280)	639

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

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 15	Q1 16	Q2 16	2015	2016
UPSTREAM	(46)	(95)	16	(182)	(79)
Europe, Africa & Brazil	(14)	(21)	2	(14)	(19)
Latin America & Caribbean	118	40	129	205	169
North America	(9)	(103)	(65)	(30)	(168)
Asia & Russia	51	5	33	55	38
Exploration & Others	(192)	(16)	(83)	(398)	(99)
DOWNSTREAM	622	718	511	1,373	1,229
Europe	641	690	554	1,319	1,244
Rest of the World	(19)	28	(43)	54	(15)
CORPORATE AND OTHERS	(54)	(63)	(90)	(82)	(153)
TOTAL	522	560	437	1,109	997

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

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 15	Q1 16	Q2 16	2015	2016
UPSTREAM	(48)	17	46	(238)	63
Europe, Africa & Brazil	14	24	34	(55)	58
Latin America & Caribbean	60	65	107	87	172
North America	(6)	(68)	(46)	(19)	(114)
Asia & Russia	25	6	13	29	19
Exploration & Others	(141)	(10)	(62)	(280)	(72)
DOWNSTREAM	439	556	378	973	934
Europe	461	528	412	951	940
Rest of the World	(22)	28	(34)	22	(6)
GAS NATURAL FENOSA	105	99	96	227	195
CORPORATE AND OTHERS	(184)	(100)	(175)	278	(275)
TOTAL	312	572	345	1,240	917

EBITDA BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS
[Unaudited figures]

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 15	Q1 16	Q2 16	2015	2016
UPSTREAM	622	404	529	903	933
Europe, Africa & Brazil	107	65	94	166	159
Latin America & Caribbean	274	172	252	448	424
North America	190	77	125	288	202
Asia & Russia	121	106	121	134	227
Exploration & Others	(70)	(16)	(63)	(133)	(79)
DOWNSTREAM ⁽¹⁾	931	671	914	1,655	1,585
Europe	914	640	909	1,567	1,549
Rest of the World	17	31	5	88	36
CORPORATE AND OTHERS	(132)	(48)	(53)	(175)	(101)
TOTAL	1,421	1,027	1,390	2,383	2,417
(1) EBITDA CCS M€					
DOWNSTREAM	807	886	691	1,743	1,577
TOTAL	1,297	1,242	1,167	2,471	2,409

NET INVESTMENTS BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS
(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 15	Q1 16	Q2 16	2015	2016
UPSTREAM	8,896	638	643	9,649	1,281
Europe, Africa & Brazil	117	113	182	193	295
Latin America & Caribbean	267	189	215	550	404
North America	149	169	25	253	194
Asia & Russia	33	22	85	36	107
Exploration and Others ^(*)	8,330	145	136	8,617	281
DOWNSTREAM	149	86	(344)	283	(258)
Europe	94	52	(189)	205	(137)
Rest of the World	55	34	(155)	78	(121)
CORPORATE AND OTHERS	24	(15)	30	69	15
TOTAL	9,069	709	329	10,001	1,038

(*) 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 15	Q2 16
Upstream	23,280	23,804
Downstream	9,758	9,380
Gas Natural Fenosa	4,769	4,849
Corporate and others	2,895	2,498
TOTAL	40,702	40,531
		2016
ROACE (%)		5.3
ROACE at CCS (%)		5.3

OPERATING INDICATORS

SECOND QUARTER 2016

UPSTREAM OPERATING INDICATORS

	Unit	Q1 2015	Q2 2015	Q3 2015	Q 42015	January - December 2015	Q1 2016	Q2 2016	January - June 2016	% Variation H1 2016/ H1 2015
HYDROCARBON PRODUCTION	kboe/d	355	525	653	697	559	714	697	705	60.2
Liquids production	kboe/d	132	203	244	246	207	255	246	251	49.4
Europe, Africa & Brazil	kboe/d	33	61	81	80	64	94	89	91	94.0
Latin America & Caribbean	kboe/d	61	66	67	71	66	69	69	69	8.0
North America	kboe/d	27	49	62	62	50	58	57	57	50.1
Asia & Russia	kboe/d	11	27	34	34	26	35	32	33	75.9
Natural gas production	kboe/d	222	322	409	451	352	459	451	455	66.8
Europe, Africa & Brazil	kboe/d	10	12	15	13	12	22	19	20	85.8
Latin America & Caribbean	kboe/d	196	186	198	231	203	233	238	236	23.2
North America	kboe/d	9	80	130	136	89	130	129	130	192.0
Asia & Russia	kboe/d	7	44	66	71	47	74	64	69	165.7
Natural gas production	(Million scf/d)	1,249	1,811	2,298	2,533	1,977	2,579	2,530	2,554	66.8

DOWNSTREAM OPERATING INDICATORS

	Unit	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Jan - Dec 2015	Q1 2016	Q2 2016	Jan - Jun 2016	% Variation H1 2016/ H1 2015
PROCESSED CRUDE OIL	Mtoe	9.9	10.9	11.5	10.9	43.3	10.4	9.4	19.8	(5.0)
Europe	Mtoe	9.1	9.9	10.7	10.1	39.8	9.6	8.6	18.1	(4.7)
Rest of the world	Mtoe	0.8	1.0	0.9	0.9	3.5	0.8	0.8	1.6	(7.6)
SALES OF OIL PRODUCTS	kt	10,731	11,990	12,571	12,313	47,605	11,125	10,926	22,051	(2.9)
Europe Sales	kt	9,667	10,821	11,354	11,177	43,019	9,927	9,810	19,737	(3.7)
Own network	kt	5,079	5,235	5,529	5,281	21,124	4,854	5,109	9,963	(3.4)
Light products	kt	4,176	4,280	4,480	4,390	17,326	4,021	4,260	8,281	(2.1)
Other Products	kt	903	955	1,049	891	3,798	833	849	1,682	(9.5)
Other Sales to Domestic Market	kt	1,924	1,874	2,014	1,959	7,771	1,920	1,965	3,885	2.3
Light products	kt	1,852	1,814	1,946	1,896	7,508	1,873	1,895	3,768	2.8
Other Products	kt	72	60	68	63	263	47	70	117	(11.4)
Exports	kt	2,664	3,712	3,811	3,937	14,124	3,153	2,736	5,889	(7.6)
Light products	kt	1,219	1,512	1,721	1,843	6,295	1,370	940	2,310	(15.4)
Other Products	kt	1,445	2,200	2,090	2,094	7,829	1,783	1,796	3,579	(1.8)
Rest of the world sales	kt	1,064	1,169	1,217	1,136	4,586	1,198	1,116	2,314	3.6
Own network	kt	469	535	520	549	2,073	570	508	1,078	7.4
Light products	kt	446	477	482	512	1,917	518	470	988	7.0
Other Products	kt	23	58	38	37	156	52	38	90	11.1
Other Sales to Domestic Market	kt	276	305	312	328	1,221	312	328	640	10.2
Light products	kt	241	265	269	274	1,049	252	271	523	3.4
Other Products	kt	35	40	43	54	172	60	57	117	56.0
Exports	kt	319	329	385	259	1,292	316	280	596	(8.0)
Light products	kt	165	108	132	63	468	128	130	258	(5.5)
Other Products	kt	154	221	253	196	824	188	150	338	(9.9)
CHEMICALS										
Sales of petrochemical products	kt	741	683	701	697	2,822	764	713	1,477	3.7
Europe	kt	615	599	600	582	2,396	641	615	1,255	3.4
Base	kt	196	219	225	198	838	238	224	462	11.4
Derivative	kt	419	381	375	384	1,559	402	391	793	(0.8)
Rest of the world	kt	125	84	102	114	426	124	98	222	5.8
Base	kt	34	23	21	32	110	35	21	56	(1.5)
Derivative	kt	92	61	81	82	316	89	76	166	8.5
LPG										
LPG sales	kt	704	526	459	571	2,260	631	422	1,052	(14.5)
Europe	kt	453	273	217	342	1,285	427	256	682	(6.0)
Rest of the world	kt	251	254	242	229	975	204	166	370	(26.7)

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 2016

STATEMENT OF FINANCIAL POSITION

[€ millions]

Prepared according to International Financial Reporting Standards (IFRS-EU)

	DECEMBER	JUNE
	2015 (*)	2016
NON-CURRENT ASSETS		
Goodwill	3,099	3,036
Other intangible assets	1,691	2,006
Property, plant and equipment	28,202	27,259
Investment property	26	25
Investments accounted for using the equity method	11,798	11,903
Non-current financial assets :		
Non-current financial instruments	633	707
Others	82	82
Deferred tax assets	4,743	4,786
Other non-current assets	179	278
CURRENT ASSETS		
Non-current assets held for sale	262	226
Inventories	2,853	3,198
Trade and other receivables	5,680	4,878
Other current assets	271	248
Other current financial assets	1,237	1,261
Cash and cash equivalents	2,448	2,225
TOTAL ASSETS	63,204	62,118
TOTAL EQUITY		
Attributable to equity holders of the parent	28,540	28,598
Attributable to minority interests	228	224
NON-CURRENT LIABILITIES		
Grants	7	6
Non-current provisions	5,827	6,150
Non-current financial debt	10,581	10,634
Deferred tax liabilities	1,602	1,524
Other non-current liabilities		
Non-current debt for finance leases	1,540	1,495
Other	402	424
CURRENT LIABILITIES		
Liabilities related to non-current assets held for sale	8	9
Current provisions	1,377	1,243
Current financial liabilities	7,073	6,426
Trade payables and other payables:		
Current debt for finance leases	206	197
Other payables	5,813	5,188
TOTAL LIABILITIES	63,204	62,118

(*) According to IAS 8, it includes the necessary modifications with respect to the consolidated financial statements for the year ended December 31, 2015 in relation to the capitalization of geological and geophysical costs.

INCOME STATEMENT
(€ millions)
Prepared according to International Financial Reporting Standards (IFRS-EU)

	QUARTERLY DATA			JANUARY - JUNE	
	Q2 15	Q1 16	Q2 16	2015	2016
Operating income	388	342	336	683	678
Financial result	(193)	(58)	(138)	441	(196)
Income from equity affiliates	185	159	53	258	212
Net income before tax	380	443	251	1,382	694
Income tax	(63)	(2)	(32)	(299)	(34)
Net income from continuing operations	317	441	219	1,083	660
Net income from non-controlling interest	(25)	(7)	(14)	(30)	(21)
NET INCOME FROM CONTINUING OPERATIONS	292	434	205	1,053	639
Net income for the year from discontinuing operations	-	-	-	-	-
NET INCOME	292	434	205	1,053	639
Earning per share attributable to the parent company					
Euros/share (*)	0.20	0.31	0.14	0.73	0.44
USD/ADR	0.23	0.35	0.15	0.82	0.49
Average number of shares (**)	1,438,127,018	1,423,672,351	1,420,668,921	1,437,312,011	1,422,170,636
Exchange rates USD/EUR at the end of each quarter	1.12	1.14	1.11	1.12	1.11

(*) To calculate EPS the interest expense from the perpetual obligations (€7 million after taxes as of March and June 2016) has been adjusted.

(**) A capital increase for the shareholder's remuneration scheme known as "Repsol dividendo flexible" was carried out in January 2015 and January 2016 accordingly, thus share capital is currently represented by 1,441,783,307 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.

CASH FLOW STATEMENT
(€ millions)
Prepared according to International Financial Reporting Standards (IFRS-EU)

	JANUARY - JUNE	
	2015	2016
I. CASH FLOWS FROM OPERATING ACTIVITIES (*)		
Net income before taxes	1,382	694
Adjustments to net income		
Depreciation and amortisation of non current assets	1,359	1,158
Other adjustments to results (net)	(752)	144
EBITDA	1,989	1,996
Changes in working capital	(450)	(520)
Dividends received	133	306
Income taxes received/ (paid)	(142)	136
Other proceeds from/ (payments for) operating activities	(232)	(317)
OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	(241)	125
	1,298	1,601
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)		
Payments for investment activities		
Companies of the Group, equity affiliates and business units	(8,407)	(472)
Fixed assets, intangible assets and real estate investments	(1,331)	(1,001)
Other financial assets	(138)	(109)
Payments for investment activities	(9,876)	(1,582)
Proceeds from divestments	1,331	841
Other cashflow	494	(1)
	(8,051)	(742)
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)		
Issuance of own capital instruments	995	-
Proceeds from/(payments for) equity instruments	29	(49)
Proceeds from issue of financial liabilities	6,621	7,120
Payments for financial liabilities	(4,045)	(7,394)
Payments for dividends and payments on other equity instruments	(245)	(271)
Interest payments	(395)	(396)
Other proceeds from/(payments for) financing activities	1,184	(86)
	4,144	(1,076)
Effect of changes in exchange rates from continued operations	63	(6)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	(2,546)	(223)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,638	2,448
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,092	2,225

(*) Cash flows from continued operations

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

SECOND QUARTER 2016

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

[Unaudited figures]

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

Q1 2016						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect		
Operating income	560	(25)	22	(215)	(218)	342
Financial result	(77)	(3)	22	-	19	(58)
Income from equity affiliates	111	48	-	-	48	159
Net income before tax	594	20	44	(215)	(151)	443
Income tax	(10)	(20)	(25)	53	8	(2)
Net income from continued operations	584	-	19	(162)	(143)	441
Income attributed to minority interests	(12)	-	-	5	5	(7)
NET INCOME FROM CONTINUED OPERATIONS	572	-	19	(157)	(138)	434
Income from discontinued operations	-	-	-	-	-	-
NET INCOME	572	-	19	(157)	(138)	434

Q2 2016						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect		
Operating income	437	(83)	(241)	223	(101)	336
Financial result	(185)	87	(40)	-	47	(138)
Income from equity affiliates	95	(42)	-	-	(42)	53
Net income before tax	347	(38)	(281)	223	(96)	251
Income tax	6	38	(20)	(56)	(38)	(32)
Net income from continued operations	353	-	(301)	167	(134)	219
Income attributed to minority interests	(8)	-	2	(8)	(6)	(14)
NET INCOME FROM CONTINUED OPERATIONS	345	-	(299)	159	(140)	205
Income from discontinued operations	-	-	-	-	-	-
NET INCOME	345	-	(299)	159	(140)	205

January - June 2015						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Special 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
Net income before tax	1,800	(116)	(214)	(88)	(418)	1,382
Income tax	(524)	116	84	25	225	(299)
Net income from continued operations	1,276	-	(130)	(63)	(193)	1,083
Income attributed to minority interests	(36)	-	-	6	6	(30)
NET INCOME FROM CONTINUED OPERATIONS	1,240	-	(130)	(57)	(187)	1,053
Income from discontinued operations	-	-	-	-	-	-
ADJUSTED NET INCOME	1,240	-	(130)	(57)	(187)	1,053

January - June 2016						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect		
Operating income	997	(108)	(219)	8	(319)	678
Financial result	(262)	84	(18)	-	66	(196)
Income from equity affiliates	206	6	-	-	6	212
Net income before tax	941	(18)	(237)	8	(247)	694
Income tax	(4)	18	(45)	(3)	(30)	(34)
Net income from continued operations	937	-	(282)	5	(277)	660
Income attributed to minority interests	(20)	-	2	(3)	(1)	(21)
NET INCOME FROM CONTINUED OPERATIONS	917	-	(280)	2	(278)	639
Income from discontinued operations	-	-	-	-	-	-
ADJUSTED NET INCOME	917	-	(280)	2	(278)	639

RECONCILIATION OF OTHER ECONOMIC DATA AND THE CONSOLIDATED FINANCIAL STATEMENTS
[Unaudited figures]

	DECEMBER 2015			JUNE 2016		
	Adjusted Net Debt	Reclassification of JV ⁽¹⁾	IFRS-EU	Adjusted Net Debt	Reclassification of JV ⁽¹⁾	IFRS-EU
NON-CURRENT ASSETS						
Non-current financial instruments	121	512	633	98	609	707
CURRENT ASSETS						
Other current financial assets	118	1,119	1,237	30	1,231	1,261
Cash and cash equivalents	2,771	(323)	2,448	2,447	(222)	2,225
NON-CURRENT LIABILITIES						
Non-current financial debt	(10,716)	135	(10,581)	(10,688)	54	(10,634)
CURRENT LIABILITIES						
Current financial liabilities	(4,320)	(2,753)	(7,073)	(3,719)	(2,707)	(6,426)
CAPTIONS NOT INCLUDED IN THE BALANCE SHEET						
Net mark-to-market valuation of financial derivatives (excluding exchange rate) ⁽²⁾	92	-	92	123	-	123
NET DEBT	(11,934)		(13,244)	(11,709)		(12,744)

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

2015: "Cash and cash equivalents" amounting to €11 million; "Current financial liabilities" for intragroup loans amounting to €2,819 million, reduced in €300 million in loans with third parties.

2016: "Cash and cash equivalents" amounting to €16 million and "Current financial liabilities" for intragroup loans amounting to €2,780 million, reduced in €366 million due to loans with third parties.

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

	January - June					
	2015			2016		
	Adjusted Cash flow	Reclassification of JV & Others	IFRS-EU	Adjusted Cash flow	Reclassification of JV & Others	IFRS-EU
I. CASH FLOWS FROM OPERATING ACTIVITIES	1,477	(179)	1,298	1,772	(171)	1,601
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES	(9,500)	1,449	(8,051)	(997)	255	(742)
FREE CASH FLOW (I. + II.)	(8,023)	1,270	(6,753)	775	84	859
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES AND OTHERS ⁽¹⁾	5,511	(1,304)	4,207	(1,099)	17	(1,082)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,512)	(34)	(2,546)	(324)	101	(223)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,027	(389)	4,638	2,769	(321)	2,448
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,515	(423)	2,092	2,445	(220)	2,225

(1) This caption includes payments for dividends and payment on other equity instruments, interest payments, proceeds from/(payments for) equity instruments, proceeds from/ (payments for) issue of financial liabilities, other proceeds from/(payments for) financing activities and the effect of changes in the exchange rate.

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